
Policy Changes to Drive Regeneration in the North

Evidence for the 2025 Comprehensive Spending
Review

Final Report

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Executive Summary

Introduction

Homes for the North (H4N) believes that urban and rural regeneration has an integral role to play in delivering the Government’s housing and economic growth missions. Its 17 member organisations have an ambitious home building and regeneration pipeline which, with the right policy environment and investment in place, has the potential to deliver over 40,000 new homes in 80 locations across the North of England over the next decade and generate £4 billion of investment. One third of these regeneration projects are in local authorities that rank amongst the 10% most deprived in England.

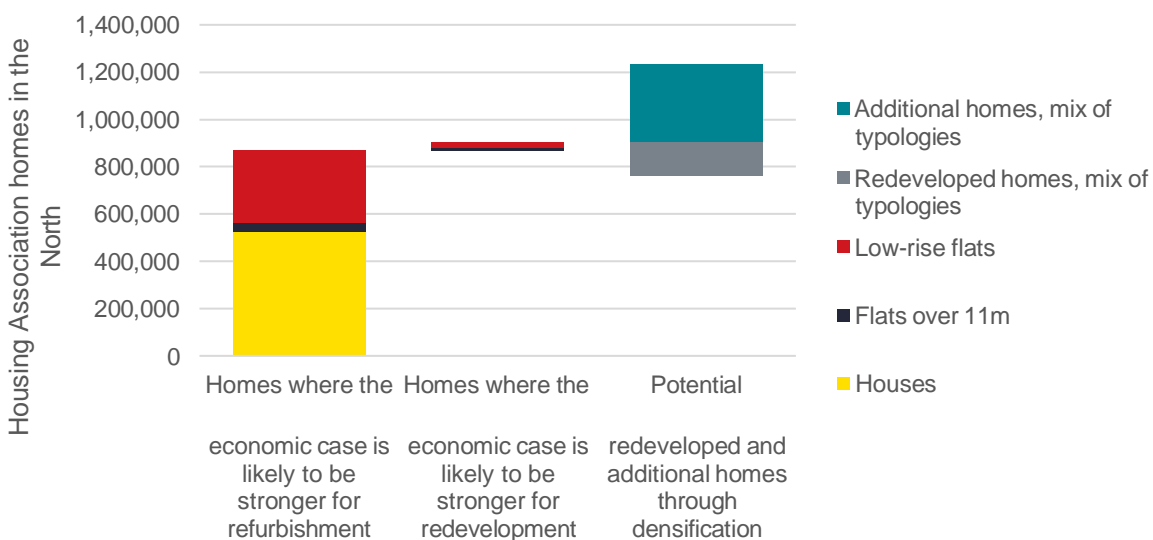
We have carried out research on behalf of H4N to explore innovative evidence-based solutions to support guidance and policy recommendations to Government, intended to drive regeneration in the North of England. The research is centred around reviewing structures and policy changes required to drive and deliver effective regeneration in the North.

Report summary

Regeneration is central to the Government’s housing growth objectives. It can provide much needed additional homes alongside improving the quality of existing homes. The need for upgrading and redeveloping homes is a substantial share of the housing challenge in the North of England. The total requirement for affordable housing development and refurbishment in the North is 266,000 homes over five years: 130,000 additional homes and 136,000 redeveloped or substantially upgraded.

Our analysis finds that redevelopment of select poor quality existing housing is justified compared to refurbishment in terms of overall economic benefits compared to costs. There is also the potential to make a significant contribution to the Government’s housing land supply requirement on some of these sites when redevelopment is combined with intensification, increasing the number of homes on existing housing land. We estimate that there is a good economic case for redevelopment of approximately 34,000 homes. Accounting for the potential to densify existing housing alongside redevelopment, there is the potential to deliver an additional 305,000 homes alongside replacing 144,000 homes. This would be equivalent to 4.3 years of housing supply or 11.6 years of affordable housing supply in the North.

Figure 1 – Estimated Homes and Sites Suitable for Refurbishment, Redevelopment and Net Intensification



Source: Savills, Regulator of Social Housing

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Housing is high on the Government's agenda, with a target to deliver 1.5m new homes over five years. Affordable housing has a key role to play, with the Government setting out to deliver the most significant boost to affordable housing in a generation. Ambitious planning reform has been delivered through revisions to the NPPF, but a much wider ranging strategy, including public investment, is needed to deliver the targets for new homes. 71,000 additional homes are needed in the North each year, according to the Government's housing need formula, and we have estimated that 26,000 of them should be affordable.

In parts of the North, the more pressing housing challenge is improving the quality of existing stock. With housing affordability and the need for additional homes in the North less acute than in the South, regeneration should be a much bigger priority to meet housing need where housing stock is not fit for purpose. There are around 136,000 homes in the social rented sector in the North of England that require substantial improvement (76,000 homes are owned by housing associations) and that is before considering the further works needed to achieve the expanded Decent Homes Standard (currently under review by the Government) and to meet decarbonisation and building safety policy requirements.

What is clear is that continuing to do nothing about this is not an option. Increasing numbers of homes will become unlettable and will be lost from the available housing stock, either because they do not meet the needs of today's households or because the risks of having tenants living in them are too high for landlords. These issues can be addressed with refurbishments and/or redevelopment. However, the rate of demolition and redevelopment has substantially reduced in recent years. Based on current rates of demolition of c.1,500 per year over the last five years and with a total housing stock of over 7 million homes, the average home in the North needs to last over 4,000 years. Redevelopment of homes not fit for purpose would provide a much better outcome for housing associations and tenants.

Redevelopment can generate a range of wider socioeconomic benefits and improvements to local communities that could be greater than refurbishment. These include better health outcomes, productivity impacts and running cost savings for tenants. Redevelopment also provides housing associations with the opportunity to make best use of land, often allowing for intensification of housing on existing land holdings. Our analysis in this report shows that homes delivered on housing association land are better connected to existing infrastructure, transport hubs and employment locations than homes delivered on greenfield sites.

Considering both the financial costs of redevelopment versus refurbishment and the wider benefits generated by redevelopment, we estimate that in general there is a good case for redeveloping medium and high-rise flats. For lower rise stock, the redevelopment can potentially be carried out alongside intensification of land use and in combination this could give a good economic case for investment. For suitable sites redevelopment can be delivered alongside intensification, increasing the density of existing homes to align with the surrounding urban area.

We have estimated how many homes could have a good economic case for redevelopment. Accounting for the 20% of medium and high-rise flats and the 7.5% of low-rise flats with the highest repair and upgrade costs and where there is a case for redevelopment on a 1 for 1 basis, this represents a total of c.34,000 homes. However, this figure is somewhat lower than other assessments of homes not fit for purpose, with a total of 136,000 non-decent social rented homes in the North, 76,000 of these owned by housing associations. In addition to these homes, there could also be a case for redevelopment and intensification on other sites. We estimate that for up to 144,000 homes across different housing types, density on existing housing association land could be viably increased. This figure is calculated by increasing density to align with the upper quartile already in place across the wider urban area in which sites are located. This has the potential to deliver a total of 305,000 additional homes.

Despite the clear requirement for regeneration in the North, there remains a significant gap in Government policy and funding support. There has been very little funding for redevelopment of existing homes since 2010, with funding streams overwhelmingly aimed at delivering or unlocking additional homes. The Government's planning reforms incentivise delivery on large greenfield sites but to reach the 1.5 million homes target, a variety of approaches is needed. This should include regeneration which can significantly contribute to additional housing delivery. Accounting for stock with a strong case for redevelopment alongside the

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potential for intensification of existing housing on housing association land, this has the potential to deliver c.5 years of housing supply in the North.

Making housing regeneration a policy priority requires backing from central Government, but it also requires coordination between different layers of Government. The current policy direction, with a move towards the regionalisation of Homes England (HE) and greater devolution, provides an opportunity for a strategic place-based approach with integrated policy and funding streams. This could ensure that land supply for development is appropriately supported to best meet housing needs within devolved authority areas.

Policy recommendations

1. Redevelopment needs to be accepted as a legitimate option to ensure homes are of an appropriate type and standard for future requirements. Redevelopment of existing homes across a range of housing types from high rise flats to houses, delivers significant regeneration benefits and improvements to local communities.
2. Local Planning Authorities should recognise the role of regeneration in providing the land necessary to meet the Government's housebuilding targets. Redevelopment and regeneration of social housing provides the opportunity to make best use of land, often allowing for densification of housing. This work shows that existing low density housing land is better served by existing infrastructure and transport networks and located closer to employment hubs than new greenfield development sites.
3. Unlocking redevelopment would be a major driver of development activity in the North of England. More so than in the South, improving the quality of housing has a major role to play in meeting housing needs, improving health and wellbeing of residents, and supporting economic growth.
4. Funding for regeneration should run in parallel to the Affordable Homes Programme. The nature of redevelopment and regeneration is complex and long term, and funding structures will need to reflect this, allowing for the different challenges of diverse sites in a range of locations.
5. As set out in the English Devolution White Paper, the Government is proposing to extend devolution to Strategic Authorities across the country and allocate affordable housing funding to devolved authorities. Strategic plans within combined authorities should consider the role of regeneration in delivering homes that are fit for purpose. Funding should be directed to release land that fulfils the need from local housing challenges within devolved authorities.
6. Government guidance on project appraisal, including the MHCLG Appraisal Guide, relies on a land value uplift approach, where costs and benefits feed through to and are largely captured by land values. It is questionable whether all such costs and benefits translate into land values. Consequently, the appraisals are often theoretical exercises based on assumptions that are impossible to fully test. We recommend that appraisal guidance is simplified, and more emphasis is placed on easier to measure metrics, such as cost to the public sector per home or number of jobs created.

Key findings in numbers

- In 2023-24, **136,000 Social Rented homes in the North failed the Decent Homes Standard** (76,000 of these homes are owned by housing associations).
- Based on current rates of demolition of c.1,500 per year over the last five years and with a total housing stock of over 7 million homes, **the average home in the North needs to last over 4,000 years.**
- **71,000 additional homes are needed in the North each year**, according to the Government's housing need formula, and we have estimated that **26,000 of them should be affordable.**

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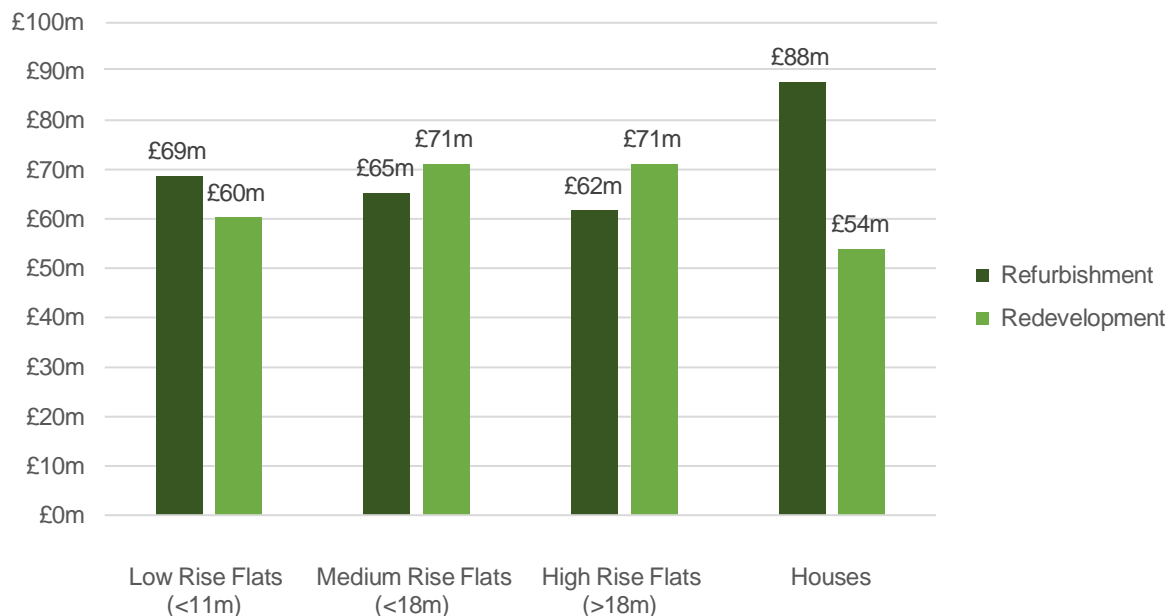
- There are **34,000 housing association homes where we estimate there is a good value for money case in terms overall economic benefits compared to costs for re-development**, on a 1 for 1 basis, accounting for the financial costs of housing associations of redevelopment compared to refurbishment and the wider socioeconomic benefits generated.
- **Increasing the density of existing homes to levels that make the scheme viable whilst aligning with the density of the surrounding area, could deliver up to 144,000 homes** on existing housing association land.
- In total, **regeneration alongside intensification of existing housing land has the potential to deliver an additional 305,000 homes, equivalent to 4.3 years of housing supply in the North and 11.6 years of affordable housing supply.**
- We estimate that redevelopment of housing delivers a range of wider socioeconomic benefits over refurbishment including the below list of benefits. The findings below are based on savings modelled over a 60-year period for a scheme of 500 units.
- The **total estimated emissions savings in meeting higher EPC targets through redevelopment over refurbishment is £2.3 million.**
- **Total estimated electricity and gas savings to tenants** for redevelopment over refurbishment can be valued at **£4.9m** (£1.3m from electricity savings and £3.5m from gas savings).
- Based on GMC's unit cost of crime (£2,110), a 500 home scheme could **benefit society by £1.0m under a redevelopment scenario** compared to £690,000 under refurbishment.
- **Financial savings to the NHS through health benefits are estimated to be £2.8m under a redevelopment scheme** compared to £2.2m under refurbishment.
- **Public expenditure on education saved per child benefitting from alleviated overcrowded housing could benefit society by £4.8m under a redevelopment scenario** compared to £3.8m through refurbishment.
- **Redevelopment could generate productivity benefits (with improvements to construction jobs) ranging from £10.1m to £13.4m** across different housing types compared to between £6m to £7m under a refurbishment scenario.
- **Redevelopment could generate labour supply welfare benefits through creating jobs for local people ranging from £4.4m to £5.8m** across different housing types compared to between £2.4m and £2.8m under a refurbishment scenario.
- **The number of construction jobs generated by redevelopment ranges from 440 to 580 jobs** across different housing types compared to between 240 to 280 jobs under a refurbishment scenario.
- Summarising all of the modelled socioeconomic benefits included in the report across different housing types, **under redevelopment, benefits are estimated to be c.20% higher per unit** than under a refurbishment scenario, ranging from £203m to £222m for redevelopment compared to £162m - £179m for refurbishment.
- Where there is the strongest case for redevelopment on a 1 for 1 basis for **medium rise and high rise flats, both have a net benefit equivalent to £71m with costs for both housing typologies at £133m and benefits at £204m respectively.**

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Figure 2 – Refurbishment and redevelopment net additional Net Present Value (NPV) benefit over 60 years (for a 500 home scheme)



Source: Savills analysis



1. Introduction

1.1. Background

The new NPPF and ambitious housing targets demonstrate that housing is high on the Government’s agenda. But current policy does not adequately cater for the unique challenges faced by the North, in particular what is needed to regenerate communities. As well as more homes, investment is needed in making homes better.

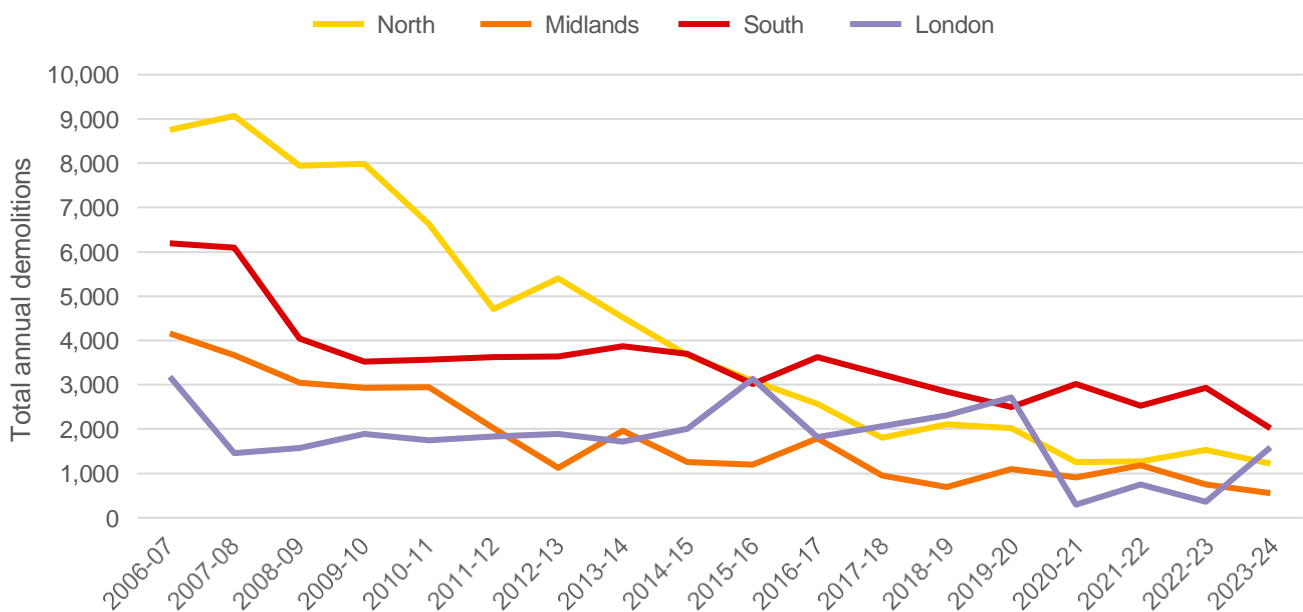
Currently the Affordable Homes Programme does not allow funding to be used to replace homes that have been demolished, with net additionality meaning that funding can only be used to build new ‘additional homes’. As a result, there has been no funding for regeneration or replacement of ‘end of life’ housing since 2010, funding which, if delivered, could enable housing associations to bring sites back into use.

Since 2010, housing policy and subsequent funding programmes have prioritised the development of net additional affordable homes. As a consequence, the rate of demolitions has also collapsed. Our previous work in 2022 reported that demolitions in the North dropped off significantly following the closure of the Housing Market Renewal scheme which ended in 2011.

Since 2022, the rate of demolitions has remained flat in the North, maintaining the long ‘life expectancy’ of existing homes. Based on current rates of demolition of c.1,500 per year over the last five years and with a total housing stock of over 7 million homes the average home in the North needs to last over 4,000 years, which is clearly unrealistic and suggests that not dealing with properties that are due for replacement, could be storing up problems for the future.

The chart below shows how the level of demolitions in the north dropped off significantly following the closure of the HMR programme in 2011 and has continued to steadily decline since.

Figure 3 – Demolitions by broad region by year



Source: MHCLG

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1.2. Purpose

Homes for the North (H4N) wants to put homes at the heart of place making and economic growth. The organisation's Plan for More and Better Homes in the North demonstrates the positive impact of delivering new homes and regeneration, and the transformational growth that can be delivered as a result across Northern communities.¹ H4N will be putting a case to the new Government for a planning and funding framework that enables delivery of that Plan.

This work explores innovative evidence-based solutions to support guidance and policy recommendations to Government, intended to drive regeneration in the North of England. The key question the work needs to answer is: What structures and policy changes are needed to drive and deliver regeneration as effectively as possible for the North?

1.3. Report structure

The majority of this report presents new analysis and evidence looking at the case for redevelopment from a number of different angles. This is Section 2, with subsections covering the following:

- Section 2.1 looks at the financial benefits of redevelopment compared to refurbishment across a number of housing archetypes and ages;
- Section 2.2 provides an analysis of the whole life costs to society of redevelopment versus refurbishment;
- Section 2.3 extrapolates from these archetypes to demonstrate the scale of the requirement for redevelopment, with a particular focus on the importance of this kind of development activity in the North of England;
- Section 2.4 looks at the potential contribution redevelopment and intensification could make towards meeting the Government's target for 1.5m new homes over five years and;
- Section 2.5 provides an analysis comparing the connectivity benefits of housing association land to new greenfield sites, which are typically located on the edge of urban areas.

Section 3 sets out the range of funding sources available to directly or indirectly support the building of affordable housing, and how this differs between net additional homes and redevelopment.

Section 4 summarises how different Government departments are involved in providing the funding for investment in place.

Section 5 provides the policy recommendations that stem from this work and are needed to drive and deliver regeneration as effectively as possible for the North.

¹ <https://moreandbetterhomes.co.uk/>

2. Demonstrating the Case for Redevelopment

This section of the report looks at the financial costs of redevelopment compared to the combined lifecycle repair and upgrade costs for existing homes across a range of typologies. It then goes on to look at the wider economic and societal benefits of refurbishment versus redevelopment.

The analysis shows that on a purely financial basis, the cost of redevelopment is higher than the cost of refurbishment across all typologies, with the smallest gaps being for medium and high-rise flats. This is still the case when looking at the 10% of housing association homes that have the highest future repair and upgrade costs. But redevelopment and regeneration deliver a range of wider benefits that are not replicated with refurbishment. These include greater carbon savings from meeting higher EPC bands, capital values, improvements to health and wellbeing, as well as improved productivity.

When these additional benefits are taken into account, there is a greater case for redevelopment than refurbishment for medium rise and high-rise housing association flats across all age bands. Both have a net benefit equivalent to £71m, which is greater than the net benefit under the refurbishment scenario. For low-rise flats and houses, the case for redevelopment is not as strong. The net benefits for the redevelopment of low-rise flats (£60m) fall just under the net benefits for refurbishment (£69m). There is still a case for redevelopment for a smaller sample of low-rise flats with the highest repair and upgrade costs, and for a wider sample of this typology where densification can deliver significant additional housing on the same land area. The gap for houses is wider, with the net benefits for redevelopment at £54m and the net benefits for refurbishment at £88m, so the economic case is only likely to stack up for a small proportion of this typology.

Redevelopment provides housing associations with the opportunity to make the best use of land, often allowing for densification of existing housing on schemes. For some sites, this therefore strengthens the case for considering redevelopment of low-rise flats and houses, alongside medium and high-rise flats, as an opportunity to increase density on existing schemes. Homes delivered on housing association land are also better connected to existing infrastructure, transport hubs and employment locations than homes delivered on greenfield sites. We've looked at the extent to which redevelopment could contribute to overall delivery and our analysis suggests that there is the potential to deliver 329,000 additional homes on existing housing land in the North, alongside the redevelopment of 144,000 homes.

2.1. Comparing the financial costs of redevelopment and refurbishment

This section assesses the financial costs of redevelopment compared to maintaining homes that are approaching the end of their lifespan. The homes included within the analysis comprise of the following archetypes and ages:

Table 1 – Archetypes and ages analysed

Archetypes and Ages	
Archetypes	Low Rise Flats (Flats below 11m)
	Medium Rise Flats (Flats between 11m and 18m)
	High-Rise Flats (Flats above 18m)
	Houses
Ages	Pre-1919
	1919-1944

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	1945-1964
	1965-1979
	1980-1999
	2000-2010
	Post 2010

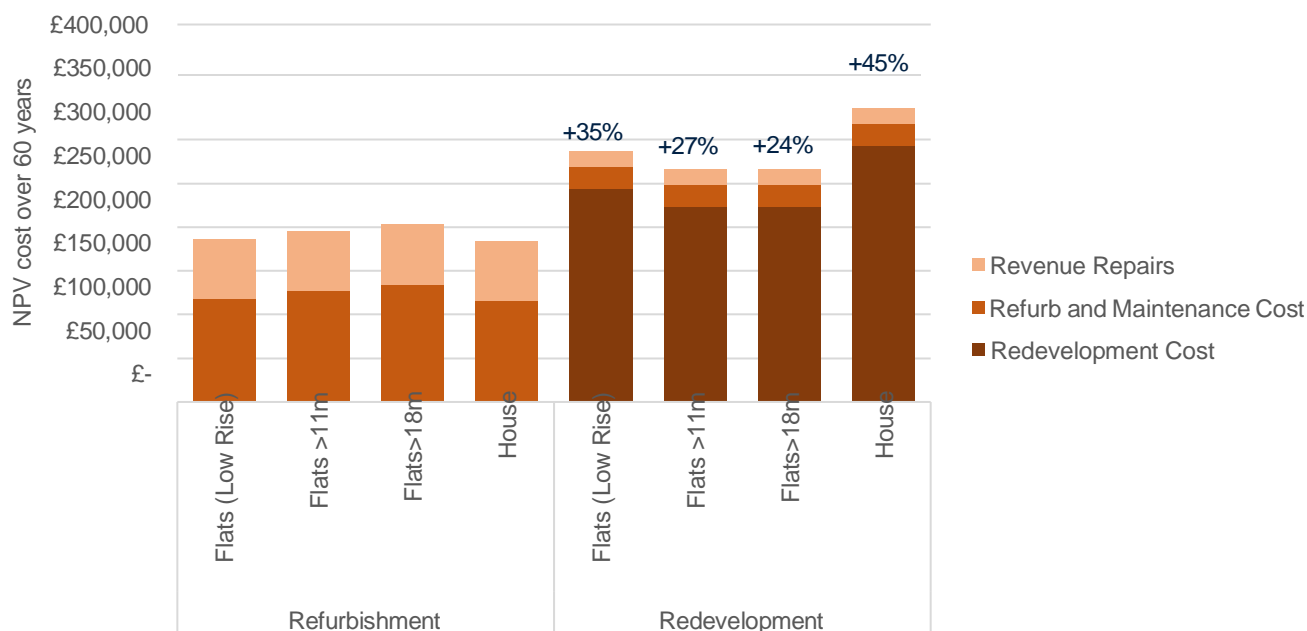
The financial costs have been modelled over a period of 60-years to estimate the longer-term wider impacts to society. The financial model accounts for demolition and construction costs, refurbishment and maintenance costs, and responsive repairs.

The data to inform this analysis has been generated from the wide-ranging experiences and evidence base within our Affordable Housing surveying and consultancy teams. This includes: evidence from stock surveys (many of which are currently being revised or undertaken for the first time in a long time driven by the enhanced regulatory regime introduced in April 2024), and evidence from Asset Performance Evaluation work undertaken across HA stock in England.

Savills have modelled net present values (NPVs) for c.40% of all housing association stock over the last 10 years as a part of the Asset Performance Evaluation work. This includes for key client comparators such as First Choice Homes, First Choice Homes Oldham, Riverside, 54 North, Torus, Karbon, Guinness, Great Places and other HAs with a northern focus.

By looking at the top decile of housing association homes with the highest planned maintenance costs, findings show that in the North of England, the cost of refurbishment is lower than the cost of a replacement home when assessed on a like-for-life net present value (NPV) basis. However, the difference is between just 24% and 45% (Figure 4), with the smallest difference for high rise flats (flats over 18m in height).

Figure 4 – Refurbishment and Redevelopment NPV Cost to housing associations over 60 years (Per Unit)



Source: Savills analysis

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Table 2 – Refurbishment and Redevelopment NPV Cost to housing associations over 60 years (Per Unit)

	Archetype	Redevelopment Cost	Refurbishment and Maintenance Costs	Revenue Repairs	Total Lifetime Cost to HA (Per Unit)
Refurbishment	Low Rise Flats (Flats below 11m)	N/A	£118,900	£68,100	£187,000
	Medium Rise Flats (Flats between 11m and 18m)	N/A	£127,000	£68,100	£195,100
	High-Rise Flats (Flats above 18m)	N/A	£135,100	£68,100	£203,200
	Houses	N/A	£115,400	£68,100	£183,500
New Build	Low Rise Flats (Flats below 11m)	£244,200	£24,400	£17,600	£286,200
	Medium Rise Flats (Flats between 11m and 18m)	£223,800	£24,400	£17,600	£265,800
	High-Rise Flats (Flats above 18m)	£223,800	£24,400	£17,600	£265,800
	Houses	£293,400	£24,400	£17,600	£335,500

Source: Savills analysis. Rounded to the nearest £100.

A cross-tabulated assessment of housing association data by archetype and age shows that pre-1919 flats and 1965-1979 houses have the highest refurbishment costs. However, when the analysis is isolated to these units, there is still a gap of 16-43% for the cost of redevelopment vs refurbishment and analysis by age shows to bear little impact on overall findings.

In summary, the analysis suggests that the NPV cost of refurbishment is lower than cost of redevelopment for the organisation carrying out the refurbishment/redevelopment. However, it is important to reiterate that the above analysis only considers the financial costs to housing associations. The inclusion of capital values (as a benefit to housing associations) and wider socio-economic impacts (described in Section 2.2), as well as intensification scenarios (described in Section 2.4), enhance the case for redevelopment of select moribund archetypes compared to refurbishment.

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2.2. Whole life costs to society of redevelopment versus refurbishment

The analysis under Section 2.1 is taken solely from the perspective of financial costs to the housing association/house builder and does not take into account the benefits and wider socio-economic implications to society. This section of the report draws upon Section 2.1, and further assesses the whole life costs to society of refurbishment against redevelopment.

The whole life costs to society considers a 60-year period for 500 units.² In addition to the housing association costs in Section 2.1, it includes analysis of capital values, electricity and gas savings, crime benefits, affordable housing benefits, productivity impacts, welfare impacts and carbon savings.

This section also considers the construction impacts under both scenarios, but these have not been included in the final whole life cost assessment to align with the approach in the MHCLG Appraisal Guide³.

2.2.1. Capital Values

The report recognises that the rent accumulated from properties will act as a benefit to housing associations but also a cost to tenants. As these would equate, the report instead considers the capital value of properties under the refurbishment scenario vs a redevelopment scenario to incorporate the units' whole life value. This is considered to be a lifetime benefit to the housing association.

In line with MHCLG guidance⁴, capital values have been calculated based on private values rather than general need values (this is so that all housing is treated as having the same value to society). Data provided by the Savills residential research team (based on HM Land Registry data for the North West, North East and Yorkshire and the Humber in the year to October 2023) suggest that second hand properties can be valued at £230,805 and new build properties can be valued at £296,603. When scaled to a site size 500 homes, this equates to a capital value of **£115.4m under the refurbishment scenario and £148.3m under a redevelopment scenario**.

2.2.2. Embodied Carbon Savings

The embodied carbon figure calculates the carbon emissions required to be released during the construction period of both refurbishment and redevelopment scenarios. This draws upon research conducted by UCL in 2022⁵ which estimated an annual emission of 2.82 tCO₂e under refurbishment and 3.02 tCO₂e under redevelopment. By applying the price of carbon over time⁶, **the GHG savings from embodied carbon under refurbishment against redevelopment is calculated to be £859,000⁷ for 500 homes over 60 years**.

2.2.3. Operational Carbon Savings

The operational carbon savings impact takes into account the total emissions savings in meeting higher EPC targets through redevelopment against refurbishment. The method utilises the average gas and electricity consumption for EPC ratings by refurbished and redeveloped flats and homes, to identify average changes in energy use. Our analysis determines that on average 2,055 kWh per year would be saved through meeting higher EPC ratings under a redevelopment scenario compared to a refurbishment scenario.

² As a proxy for one development site

³ <https://www.gov.uk/government/publications/dluhc-appraisal-guide/dluhc-appraisal-guide>

⁴ Ibid

⁵ <https://www.ucl.ac.uk/engineering-exchange/sites/engineering-exchange/files/fact-sheet-embodied-carbon-social-housing.pdf>

⁶ Table 3, <https://www.gov.uk/government/collections/carbon-valuation--2>

⁷ Rounded to nearest £100

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The marginal emission factors over time (provided by the UK Government's guidance on valuing energy use and greenhouse gas emissions for appraisal⁸), alongside the price of carbon over time⁹, can be applied to the yearly kWh savings to value emissions savings over 60 years. **This values the emissions saving to be £2.3m for 500 homes over 60 years.**

2.2.4. Electricity and Gas Savings

Similar to carbon savings, meeting higher EPC targets would also result in lower costs to tenants for electricity and gas. By applying average Ofgem standing charge and unit rates¹⁰ for electricity and gas to the kWh per year saved between refurbished units and redeveloped units, **the total savings to tenants across 500 homes over 60 years can be valued at £4.9m** (£1.3m from electricity savings and £3.5m from gas savings¹¹).

2.2.5. Crime Benefits

In 2024, 1.6m incidences of crime were recorded in the North. It is not anticipated that refurbishment and redevelopment of housing association units will have a significant impact on reducing crime incidences, but improved buildings can lead to general public realm improvements, deterring some incidences of anti-social behaviour.

Taking into account research on prior housing interventions, a 0.01% reduction in crime incidences in the North is assumed to be achieved under a refurbishment scenario, and a 0.02% reduction is assumed to be achieved under a redevelopment scenario. These are conservative estimates and have a persistence impact of 10 years to account for alternative interventions coming forwards.

Based on GMC's unit cost of crime (£2,110, 2025 prices), **a 500-home development scenario could benefit society by £691,300¹² under a refurbishment scenario and £1.0m under a redevelopment scenario.**

2.2.6. Distributional Benefits of Market vs Affordable Rent

The MHCLG Appraisal Guide recognises that there is a welfare benefit of the rent subsidy that tenants will receive due to the provision of additional affordable housing. This captures the welfare impact of the amount of additional money that tenants would have in their pocket in comparison to paying market rents. This has been valued at £31 per week per tenant, or £1,632 annually per tenant (2025 prices).

Savills' affordable housing team notes that affordable rents under redevelopment can achieve 20% higher rents than a refurbishment scenario, based on prior experience. As the above value is based upon the amount of additional money tenants would have in their pocket compared to if they had to pay market rent, our analysis assumes that the benefits resulting from refurbished housing will be marginally greater than that associated with redeveloped housing by a factor of 1.2. Taking into account the average number of tenants by flats and houses, this results in the below benefits for a 500 unit scheme over 60 years:

Table 3 – Distributional Welfare Benefits, 500 homes over 60 years

Archetype	Refurbishment	Redevelopment
Flats	£30.5m	£24.4m
Houses	£48.1m	£38.5m

Source: Savills analysis

⁸ <https://www.gov.uk/government/publications/valuation-of-energy-use-and-greenhouse-gas-emissions-for-appraisal>

⁹ Ibid

¹⁰ <https://www.ofgem.gov.uk/information-consumers/energy-advice-households/get-energy-price-cap-standing-charges-and-unit-rates-region>

¹¹ Nb. Numbers do not sum to £4.9m due to rounding to 1dp.

¹² Rounded to the nearest 100.

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2.2.7. Financial Savings to the NHS through Health Benefits

MHCLG guidance further recognises that the provision of additional affordable housing has a positive benefit to society by improving the health outcomes of residents who were previously living in housing conditions that created health and safety hazards. This benefit can be measured as the fiscal savings to health care (i.e., the NHS).

As described in the MHCLG Appraisal Guide, the Building Research Establishment (BRE) has a model to estimate the impact of poor housing on the NHS. This is well-established and their work has been widely quoted, including by the World Health Organisation (WHO), National Housing Federation and Age UK. The BRE estimates the number of homes with Category 1 Housing Health and Safety Rating System (HHSRS) hazards and then estimates the cost to the NHS associated with them. For affordable housing, it identifies the financial savings to the NHS as £217 (2025 prices). Similar to the above, our analysis assumes that the improvements resulting from redeveloped housing will be marginally greater than that associated with refurbished housing, **resulting in a 60-year benefit of £2.2m under refurbishment and £2.8m under redevelopment for a 500-home scheme.**

2.2.8. Public Expenditure Saved on Education from Alleviated Overcrowding

Children housed in poor quality or overcrowded housing are widely acknowledged to be more likely to suffer problems with their education. A report published by Shelter¹³ identified that poor quality housing affects children's ability to learn at school and study at home. The report identified the following issues:

- Children in unfit and overcrowded homes missed school more frequently due to illnesses and infections.
- Overcrowding is linked to delayed cognitive development.

Poor educational performance of school-aged children is likely to lead to additional expenditure on the part of education authorities in the form of additional teaching support and alternative resources. Existing MHCLG guidance on the average amount of public expenditure on education saved per child benefitting from alleviated overcrowded housing is £379 (2025 prices). Based on the assumption that on average each unit houses one child, **a 500-home development scenario could benefit society by £3.8m under a refurbishment scenario and £4.8m under a redevelopment scenario.**

2.2.9. Productivity Impacts

The scale of refurbishment and redevelopment presents the opportunity for productivity improvements in construction jobs. Currently, the North East (£58,003) and Yorkshire and Humber (£60,434) have lower outputs per construction job compared against the North West (£63,906). The average productivity across the North is therefore £60,781.

With such large-scale construction associated with the refurbishment and redevelopment of northern housing association units; it can be assumed that there will be an element of economies of scale across the sub-regions. Shared resources and knowledge from the North West could create the opportunity to generate an average uplift per job of £3,125 within the North East and Yorkshire and Humber.

Assuming a persistence period of 10 years (to account for the construction period) and a 500-home scheme, this could generate the below benefits under a refurbishment and redevelopment scenario:

Table 4 – Productivity Impacts, 500 homes

Archetype	Refurbishment	Redevelopment
Low Rise Flats (Flats below 11m)	£6.2m	£10.1m
Medium Rise Flats (Flats between 11m and 18m)	£6.6m	£11.1m

¹³ https://assets.ctfassets.net/6sxxvmdnnp0s/3B2N48CjGl0Incr5HKb7yS/b04d5a0b32ffbd25d746accac7311fd3/AgainstTheOdds_full_report.pdf

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High-Rise Flats (Flats above 18m)	£7.0m	£11.1m
Houses	£6.0m	£13.4m

Source: Savills analysis

2.2.10. Labour Supply Welfare Impacts

Through new employment opportunities, both refurbishment and redevelopment will create jobs for local people which includes opportunities for residents not currently engaged in the labour market. This can create a welfare benefit in the form of tax revenue and negated welfare payments.

Based on Future High Street Fund guidance, it is anticipated that 5% of the new jobs directly supported through construction of both scenarios will go to labour market re-entrants/entrants. The regional average output per worker¹⁴ is applied to estimate the annual economic output generated by these individuals. In line with WebTag Guidance¹⁵, 40% of this benefit can be claimed as welfare-related impacts (i.e., from a mix of tax revenues and negated welfare payments).

The table below summarises the estimated welfare benefits of direct employments through refurbishment and redevelopment for a 500-home scheme over 60 years:

Table 5 – Labour Supply Welfare Impacts, 500 homes over 60 years

Archetype	Refurbishment	Redevelopment
Low Rise Flats (Flats below 11m)	£2.5m	£4.9m
Medium Rise Flats (Flats between 11m and 18m)	£2.6m	£4.4m
High-Rise Flats (Flats above 18m)	£2.8m	£4.4m
Houses	£2.4m	£5.8m

Source: Savills analysis

2.2.11. Construction Impacts

As mentioned earlier, the report calculates the number of construction jobs and construction GVA which could result from refurbishing or redeveloping housing association units. However, these should not be included within the whole life costs to society to align with the approach recommended in the MHCLG Appraisal Guide¹⁶.

Based on the construction costs set out in Section 2.1, the net additional local construction jobs required for a 500-unit scheme would be as follows in the table below. This accounts for leakage at 25%, displacement at 10% and a multiplier factor of 1.15 respectively.

Table 6 – Construction Jobs, 500 Units

Archetype	Refurbishment	Redevelopment
Low Rise Flats (Flats below 11m)	240	480
Medium Rise Flats (Flats between 11m and 18m)	260	440
High-Rise Flats (Flats above 18m)	280	440
Houses	240	580

¹⁴ ONS, Region by Industry labour productivity: Output per Job

¹⁵ <https://assets.publishing.service.gov.uk/media/600ea9258fa8f5654ca409df/tag-unit-a2-1-wider-impacts-overview-document.pdf>

¹⁶ Ibid

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Source: Savills analysis. Rounded to the nearest 10.

Application of the regional average output per worker¹⁷ implies that a 500-home scheme could generate between £14.8m and £35.1m of GVA, as set out in the table below.

Table 7 – Construction GVA, 500 homes

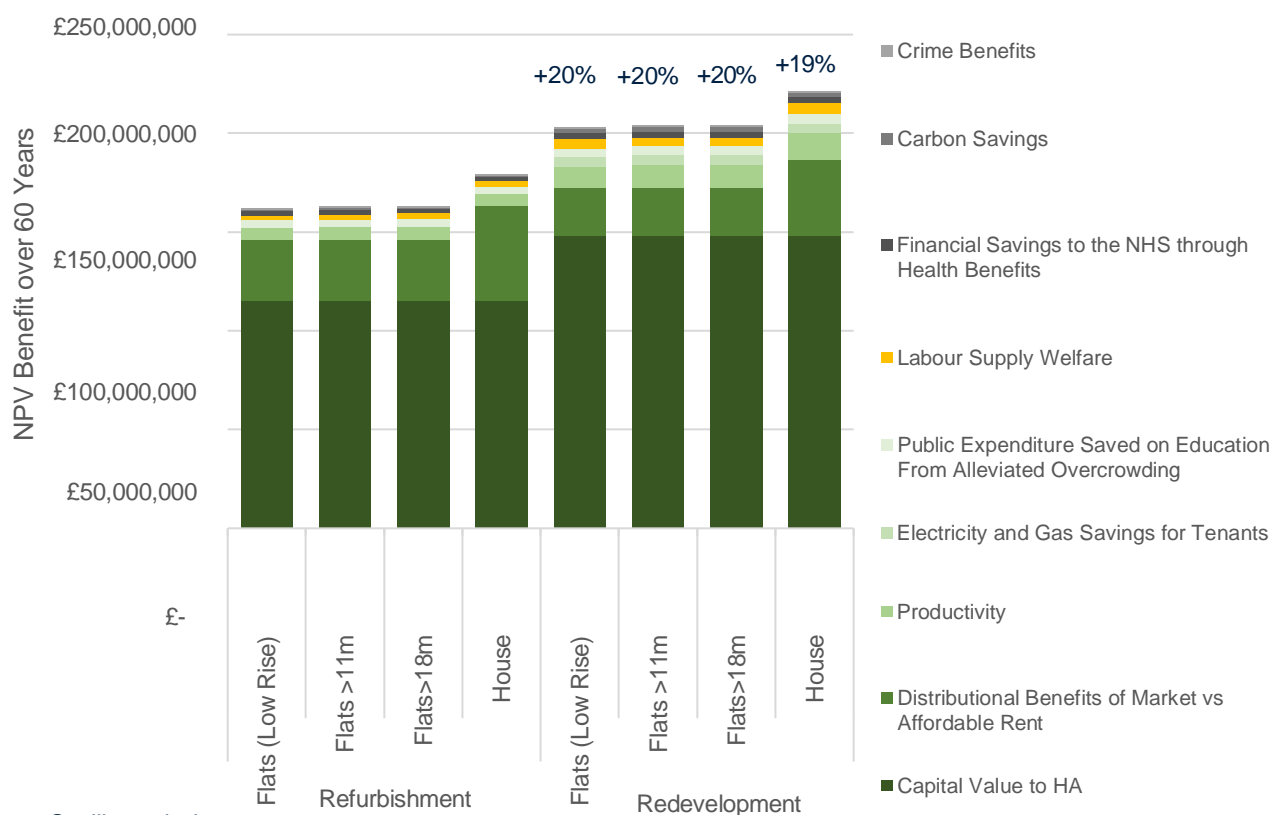
Archetype	Refurbishment	Redevelopment
Low Rise Flats (Flats below 11m)	£14.8m	£29.3m
Medium Rise Flats (Flats between 11m and 18m)	£15.8m	£26.7m
High-Rise Flats (Flats above 18m)	£16.8m	£26.7m
Houses	£14.4m	£35.1m

Source: Savills analysis

2.2.12. Summary – Benefits to Society

Redevelopment can allow for greater alignment to wider regeneration aims and can provide socio-economic impacts over and above a refurbishment scenario. Figure 5 reiterates this by showing that benefits (for a 500-unit scheme) under redevelopment are c.20% higher per unit than a refurbishment scenario, ranging from £203m to £222m compared to between £162m and £179m under a refurbishment scenario.

Figure 5 – Refurbishment and Redevelopment NPV Benefit over 60 years (500 Units)



Source: Savills analysis

¹⁷ ONS, Region by Industry labour productivity: Output per Job

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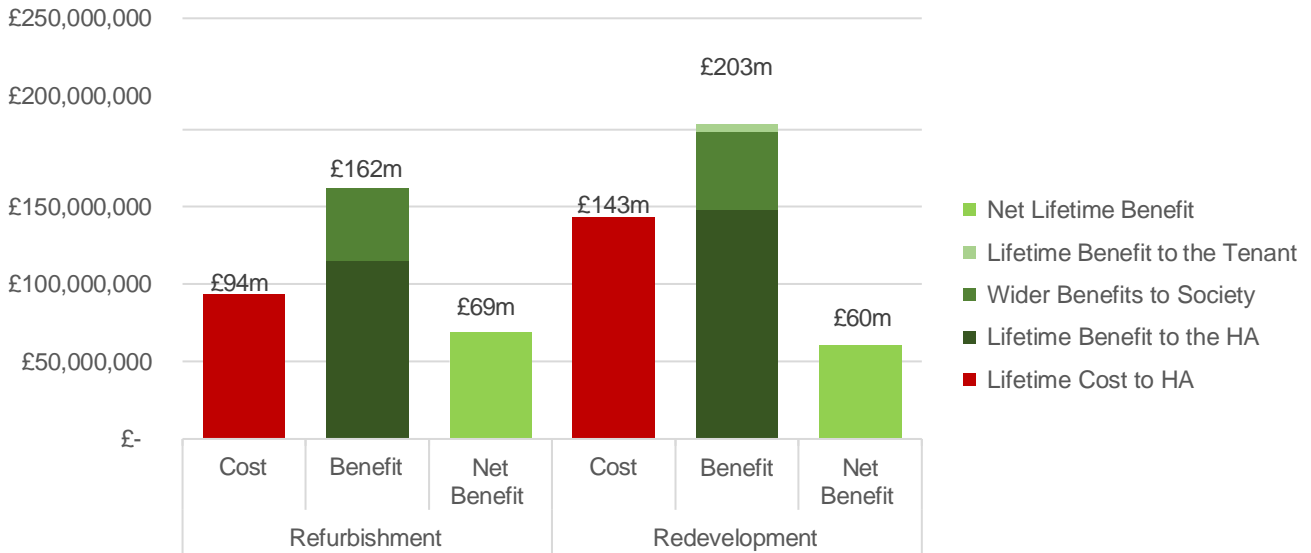
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2.2.13. Whole Life Benefits to Society

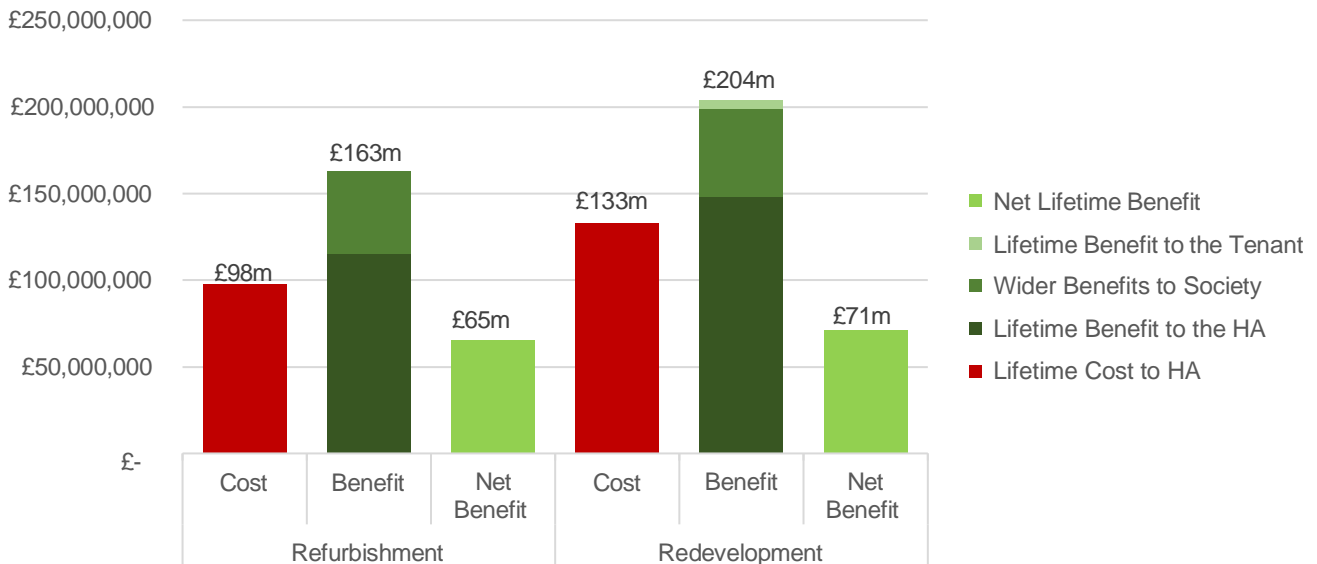
Drawing on the evidence supplied in Section 2.1, and assuming a 500-home scheme, it is evident in Figure 6, Figure 7 and Figure 8 that all archetypes achieve a net benefit against costs over a 60-year period, regardless of whether the scheme is a refurbishment or redevelopment scheme.

Figure 6 – Refurbishment and Redevelopment Net Additional NPV Benefit over 60 years (500 Units) – Low Rise Flats



Source: Savills analysis

Figure 7 – Refurbishment and Redevelopment Net Additional NPV Benefit over 60 years (500 Units) – Medium Rise Flats



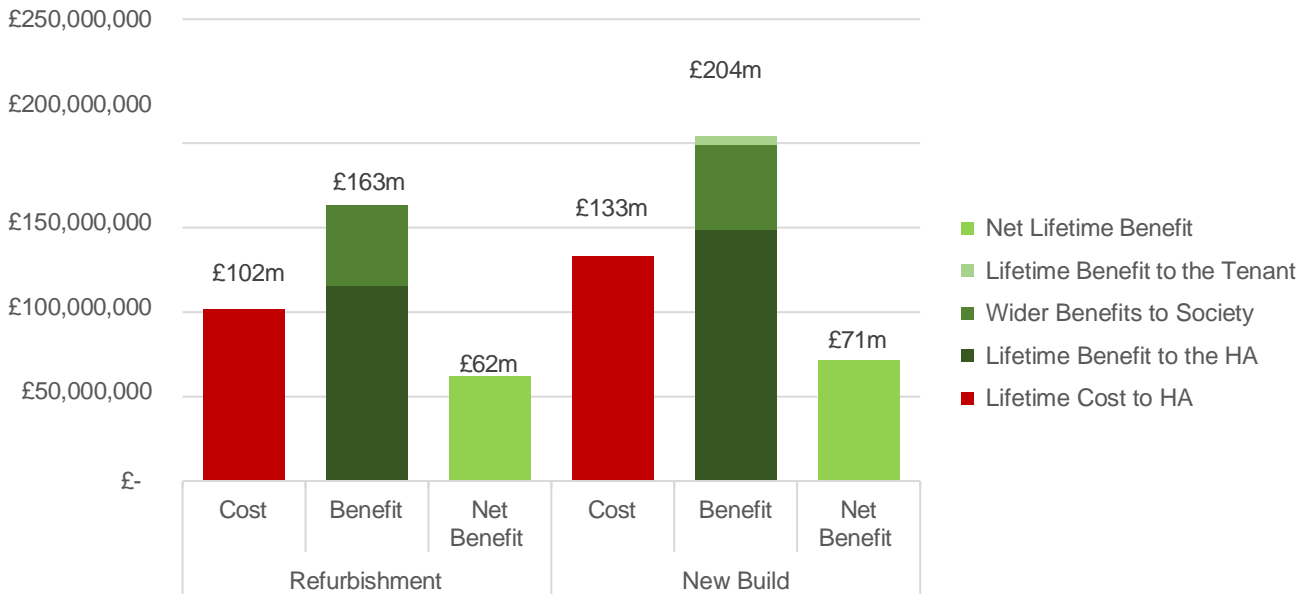
Source: Savills analysis

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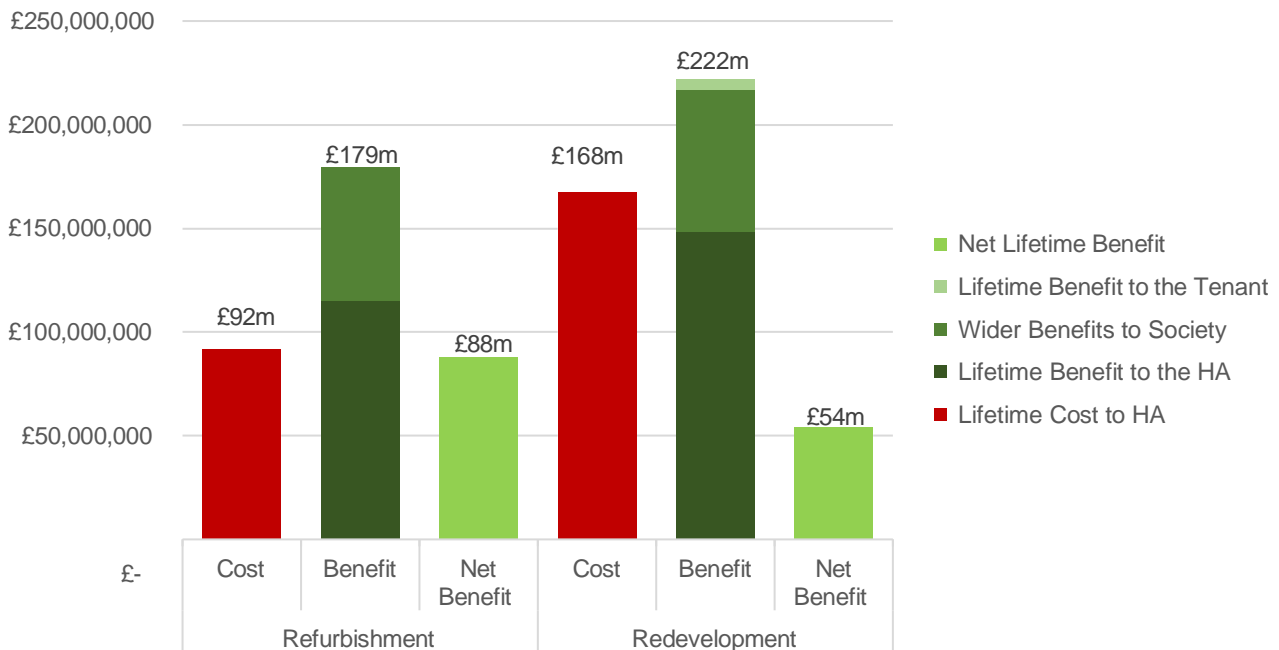


Figure 8 – Refurbishment and Redevelopment Net Additional NPV Benefit over 60 years (500 Units) – High Rise Flats



Source: Savills analysis

Figure 9 – Refurbishment and Redevelopment Net Additional NPV Benefit over 60 years (500 Units) – Houses



Source: Savills analysis

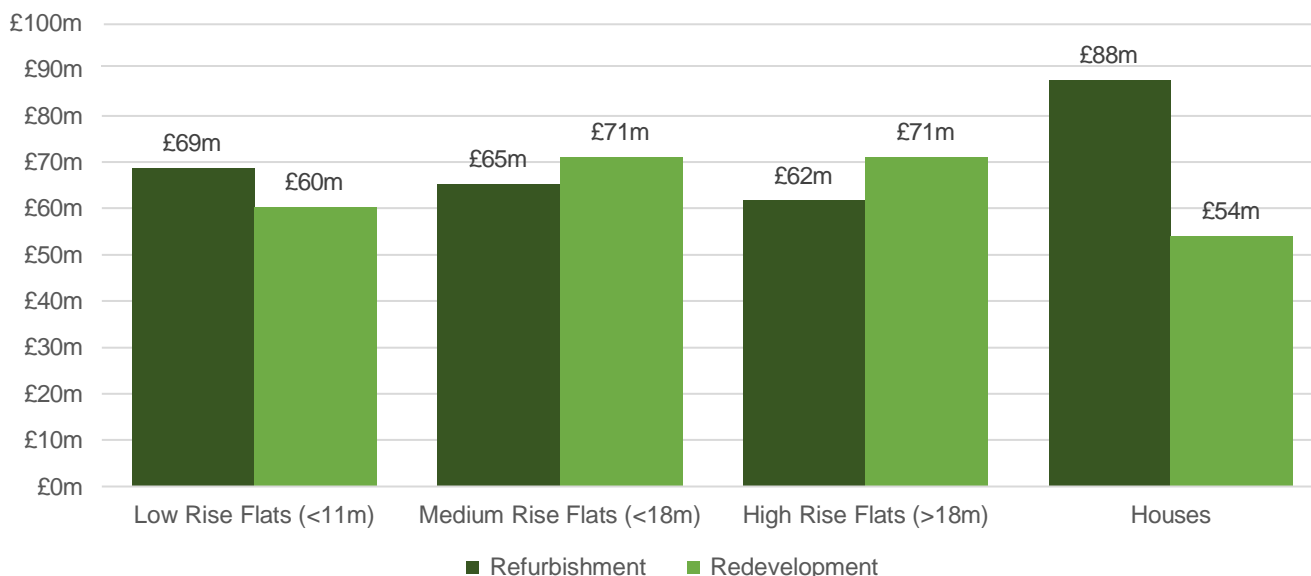
Figure 10 shows that there is a greater case for redevelopment than refurbishment for medium rise and high-rise housing association flats. Both have a net benefit equivalent to £71m, which is greater than the net benefit under the refurbishment scenario. For low rise flats and houses, the case for redevelopment is not as strong. The net benefits for the redevelopment of low-rise flats (£60m) fall just under the net benefits for refurbishment (£69m). The gap for houses is wider, with the net benefits for redevelopment at £54m, and the net benefits for refurbishment at £88m.

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Figure 10 – Refurbishment and Redevelopment Net Additional NPV Benefit over 60 years (500 Units)



Source: Savills analysis

Analysis of the whole life benefits to society therefore shows that there is a stronger case for redevelopment of medium and high-rise flats. Relaxation of the net additionality rule should consider these archetypes in the first instance. For remaining archetypes (low rise flats and houses), there is still a case for redevelopment over refurbishment if redevelopment can be further linked to greater intensification and wider regeneration aims. Redevelopment provides housing associations with the opportunity to make best use of land, often allowing for densification of existing housing on schemes. This is explored further in Section 2.4.2.

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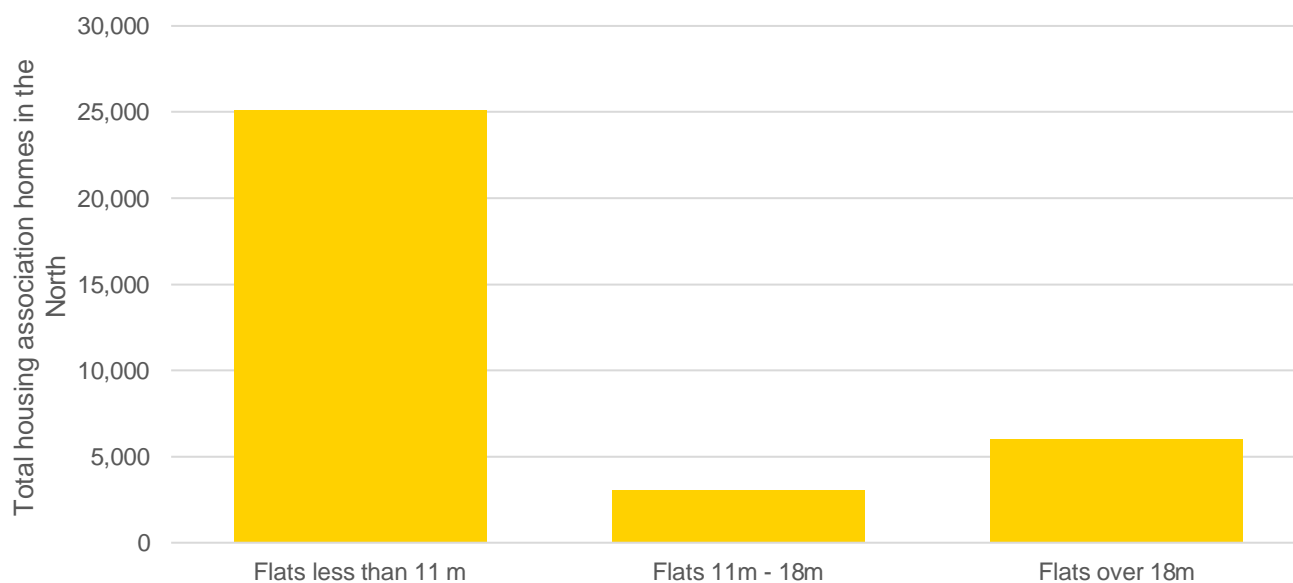
2.3. Scale of requirement for redevelopment

Based on the analysis in Sections 2.1 and 2.2, considering both the financial costs to housing associations of redevelopment compared to upgrading existing homes, alongside the benefits and wider socio-economic implications of redevelopment, there is a stronger case for redevelopment of medium and high rise flats across all age bands. There is also a case for redevelopment for low-rise flats but concentrated across a smaller sample of low-rise flats with the highest repair and upgrade costs.

For medium and high-rise flats across all age bands the case for redevelopment is stronger when based on the net benefit generated compared to refurbishment. Focusing on the 20% of medium and high-rise flats that have the highest future repair and upgrade and therefore where there is a case for redevelopment on a 1 for 1 basis where the economic case stacks up, this equals just under 9,000 homes. There is a less clear for redevelopment for low rise flats across all age bands but focusing on the 7.5% of low-rise flats with the highest future repair and upgrade costs, this is equivalent to c.25,100 homes.

Combined, the 20% of medium and high-rise flats and the 7.5% of low-rise flats where there is a clear case for redevelopment on 1 for 1 basis represent a total of c.34,000 homes, equivalent to 9% of flats owned by housing associations in the North and almost six months' housing supply in the North of England against the new Government's housing need requirements under the Standard Method.

Figure 11 – Estimate of homes optimal for redevelopment across the North



Source: Regulator of Social Housing, Statistical Data Return 2023-24

Redevelopment of lower rise homes should be carried alongside intensification of land use for the economic case to stack up on a larger proportion of the existing housing stock. Redeveloping 34,000 homes in the North would only address a small proportion of the 136,000 social rented homes failing the Decent Homes Standard (76,000 of these homes are owned by Housing Associations). We estimate that for up to 144,000 homes across different housing types, density on existing housing association land could be viably increased. Doing so would not create a new generation of high-rise block, just increase density to align with the upper quartile already in place across the wider urban area in which sites are located. This has the potential to deliver a total of 305,000 additional homes.

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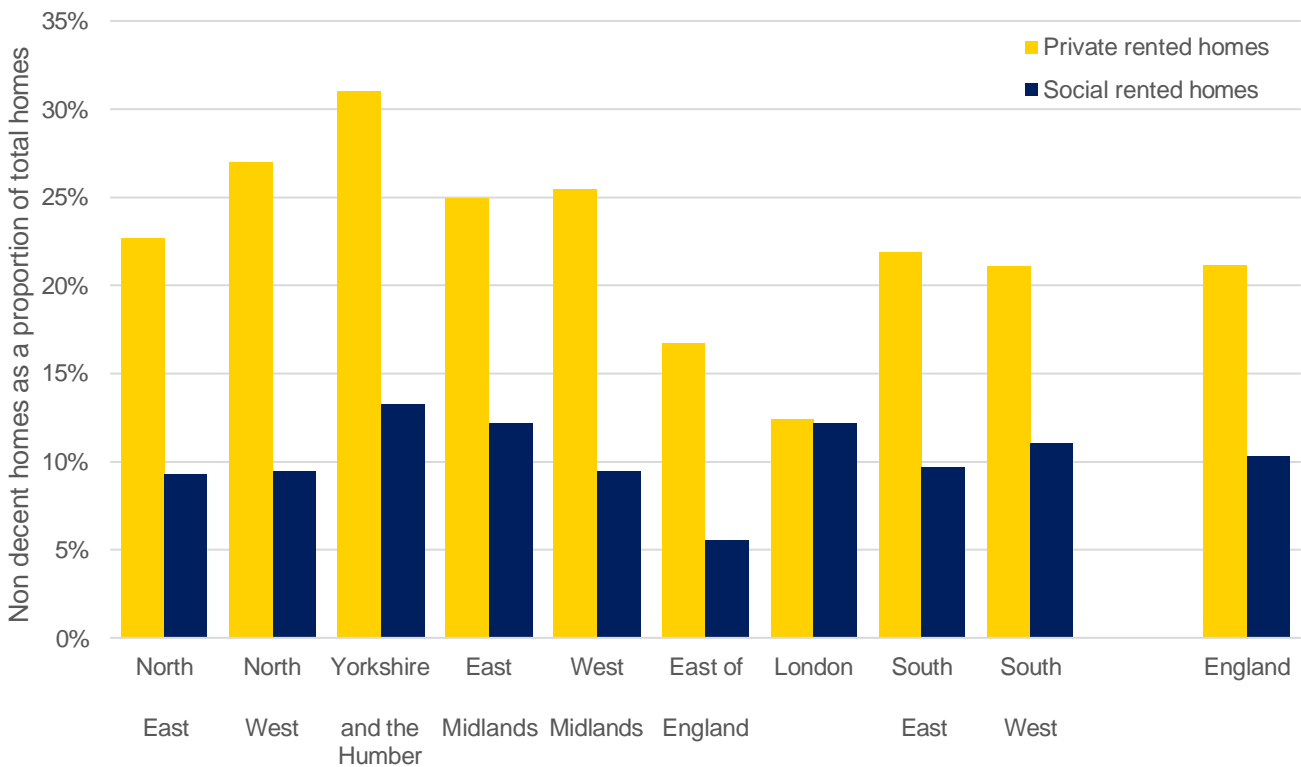


2.3.1. Other evidence of the need for replacement housing

This section looks at the range of other available data sources to present a range of figures for the potential scale of replacement homes. As is clear from the analysis, the data is far from comprehensive.

The English Housing Survey collects data on housing quality through its 'Housing and Quality Report.' Figure 12 shows the proportion of homes by region and by tenure that failed to meet the Decent Homes Standard in 2023. Overall, social rented homes performed better than the private sector across all regions, although there was a marginal difference in London. Looking at the social rented sector data by region, there is no clear north-south divide. Yorkshire and the Humber has the highest proportion of non-decent social rented homes at 13% and the East of England, the lowest at 6%. The other two Northern regions (North East and North West) were between this at 9% respectively. Nationally, there are around 430,000 homes in the social rented sector that failed to meet the Decent Homes Standard in 2023, of which 32%, equivalent to 136,000 homes are in the North.

Figure 12 – Proportion of non-decent homes by tenure by region



Source: English Housing Survey (2023-24)

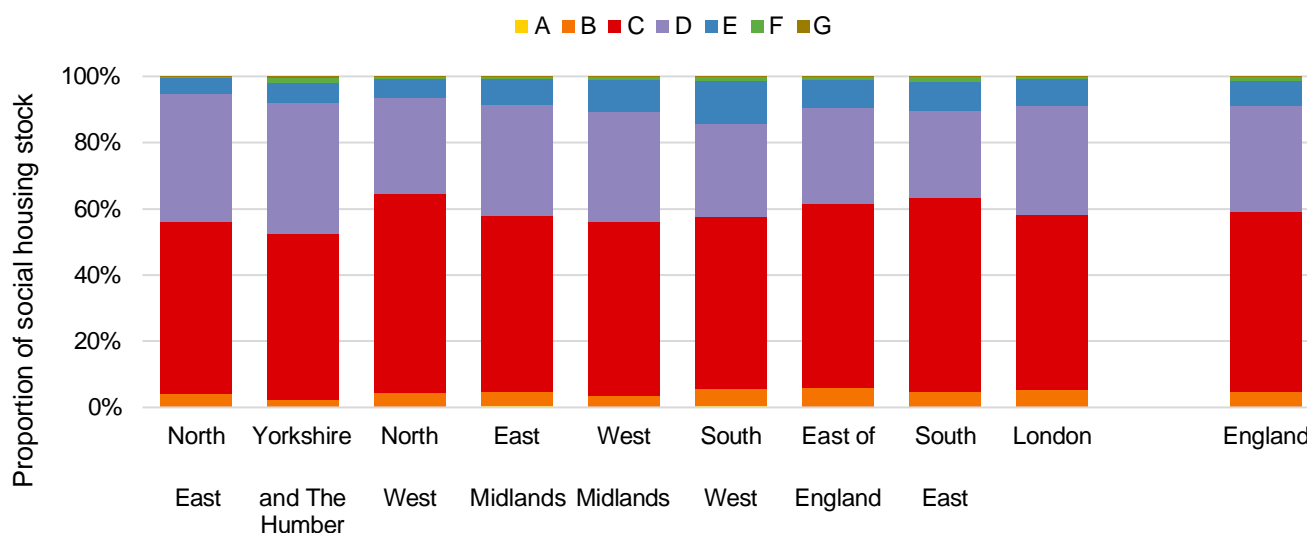
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Energy Performance Certificate (EPC) ratings are another proxy for housing quality, as well as being the metric by which the social housing sector is judged in terms of meeting energy efficiency standards. Figure 13 shows that there are relatively minor differences in the EPC rating distributions of homes in the social rented sector by region. Around 41% of homes in the social sector scored a 'D' rating or below, according to recent results (homes inspected since 2016). A simple extrapolation based on the 4.5m homes in the social sector in general is equivalent to around 1.8m homes being rated D or below, 629,000 of which are in the North.

Figure 13 – EPC rating distribution in social rented sector by region



Source: EPC, (covering inspection dates since 2016)

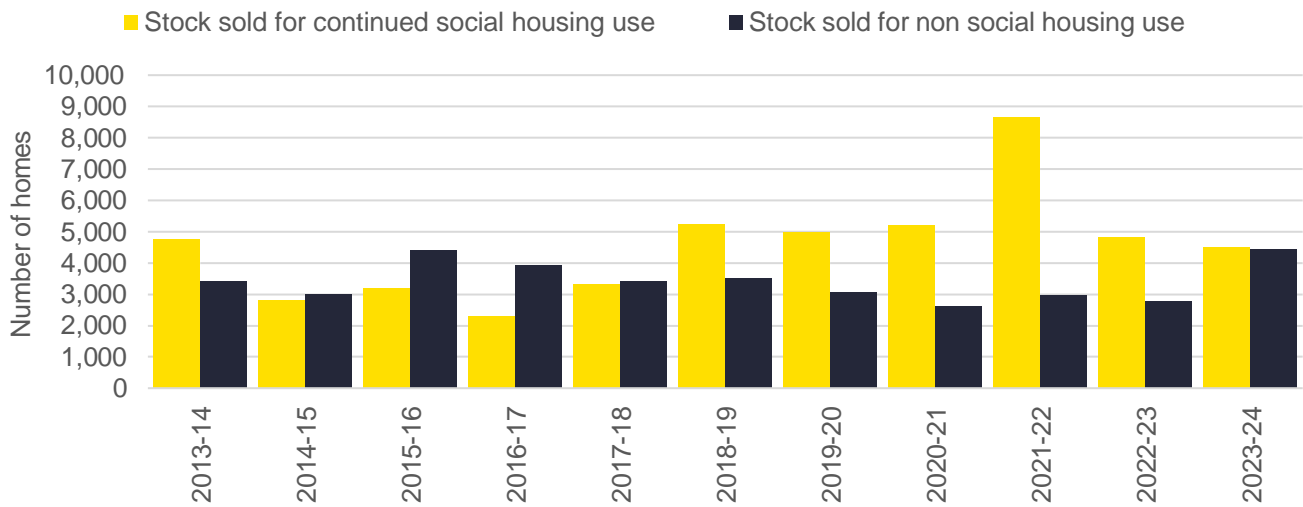
Over time, increasing numbers of homes will become unlettable and will be lost from the available housing stock, either because they don't meet the needs of today's households or because the risks of having tenants living in them are too high for landlords with homes failing the Decent Homes Standard or homes that are inefficient. Landlords are also starting to divest, selling off homes either to others in the sector or in some cases, outside of the sector which results in a net loss of affordable housing supply from the sector. Figure 14 shows the volume of housing stock traded within the sector or outside of the sector for non-social housing use over time. Over the last year, the number of homes sold out of the sector for non-social housing use has increased sharply by 59% to 4,431 homes, the highest level in over 10 years.

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Figure 14 – Housing stock sold within and out of the sector over time



Source: Regulator of Social Housing

2.3.2. Need for additional homes

How does this compare to the need for additional homes? Analysis of housing need indicates that higher numbers of homes are needed in London and the South, relative to existing stock than in the North. Table 8 below shows the breakdown of housing need by region and tenure as set out by Professor Glen Bramley in 2018. Bramley’s figures for housing need sets out housing required to meet current and backlog need within 15 years, adding up to a total of 340,000 new homes per year for England.

Table 8 – Total, Social and Intermediate Affordable Housing Supply Targets by English Region

Region	Total	Social rent	Shared ownership	Intermediate
North East	6,963	828	400	1,190
Yorkshire and the Humber	18,868	1,795	1,477	2,216
North West	22,574	4,324	3,297	3,288
East Midlands	17,248	1,867	2,202	1,929
West Midlands	21,102	3,129	3,268	2,458
South West	42,171	8,340	3,980	2,540
East of England	46,104	10,999	3,851	3,143
South East	90,179	26,250	6,466	5,319
London	74,464	32,983	2,308	10,523
Totals (rounded)	340,000	90,000	25,000	30,000

Source: Glen Bramley for Crisis

In Autumn 2024, following the Government announcement of the proposed changes to standard method for calculating housing need, adding up to a total of 370,000 new homes per year for England, Savills published a report, estimating the total scale of sub-market housing need. The results of this Savills analysis are set out in Table 9, highlighting as in the Bramley report, a greater need for housing in London and the South. According to the Government’s housing need formula, 71,000 additional homes are needed in the North of England each year and we have estimated that 26,000 of them should be affordable.

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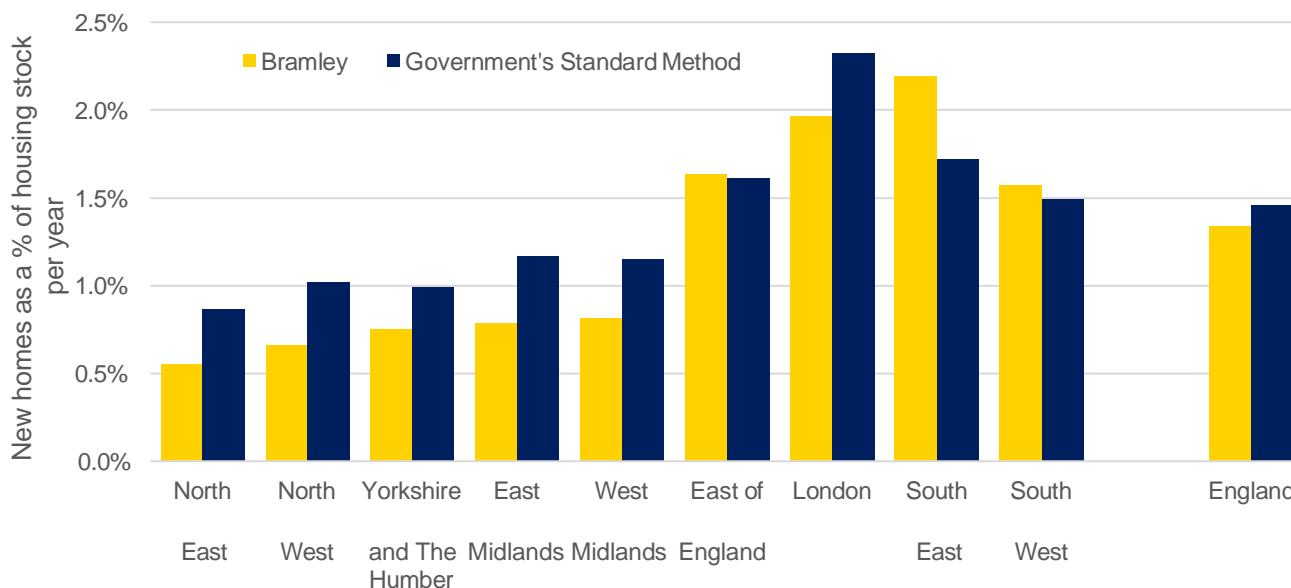
Table 9 – Total, Social and Intermediate Affordable Housing Supply Targets by English Region (Savills 2024 analysis)

Region	Total	Social rent	Shared ownership	Affordable rent
North East	10,976	474	2,765	836
Yorkshire and the Humber	24,957	1,363	5,448	2,221
North West	34,678	2,393	7,541	3,072
East Midlands	25,764	1,722	5,535	3,575
West Midlands	29,940	2,914	6,472	3,844
South West	39,992	7,055	6,613	8,600
East of England	45,429	10,293	7,289	7,672
South East	70,681	19,198	9,295	10,808
London	87,992	39,133	4,077	7,774
Totals (rounded)	370,000	85,000	55,000	48,000

Source: Savills

In December 2024, the Government published the updated changes to the National Planning Policy Framework, underpinned by revisions to the 'standard method' for calculating housing need, which defines the local housing need for all local authorities in England. This aggregates to a national total of 370,408 new homes per year. Figure 15 compares the Government's Standard Method for housing need to the Bramley analysis, normalised for existing stock. Both methods estimate a lower relative level of housing need in the Northern regions compared to the South. The total national need of 370,000 per year equates to 1.5% of the existing housing stock. In the North the equivalent figure is around 1.0%, compared to 1.6% in the South.

Figure 15 – Regional housing need measures compared



Source: Glen Bramley for Crisis, MHCLG

We have also looked at the tenure breakdown of the Savills analysis of housing need, with the regional differences in terms of the levels of need even more acute. In the South, there is a need for the stock of affordable homes to grow by 6.6% per year, inflated by a very large backlog of unmet need. This is whilst the need for private homes is considerably lower at 0.8%. In the North, there

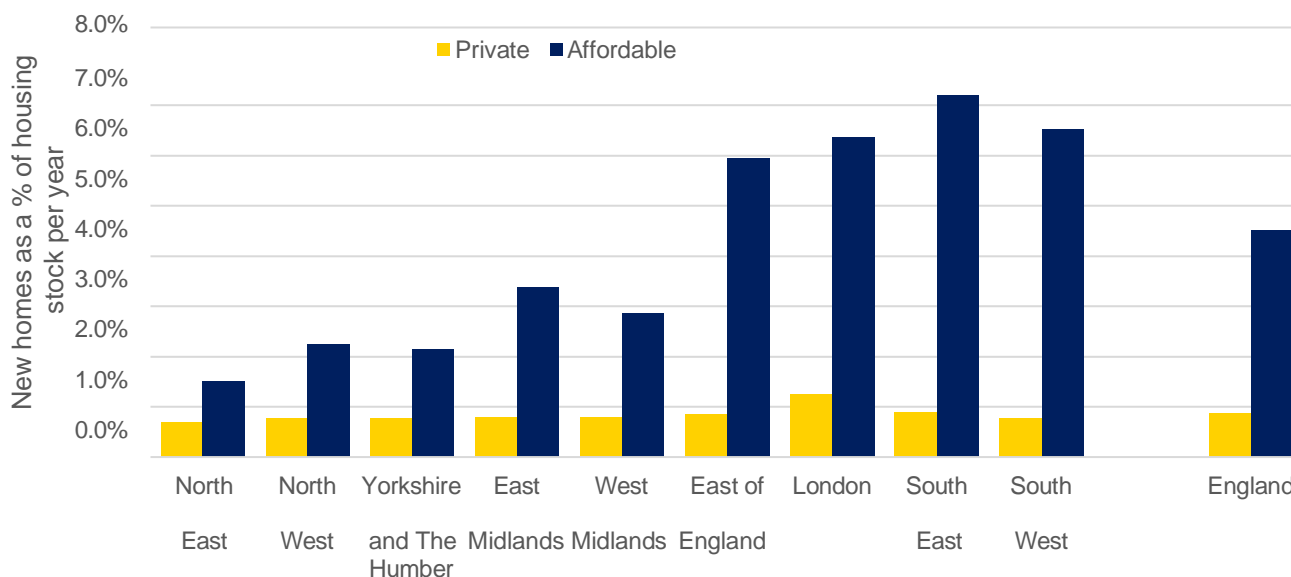
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is also a greater need for more new affordable homes than private homes, albeit smaller than the South, with the equivalent figures at 2.0% for affordable and 0.8% for private. The full results broken down by region, are shown in Figure 16.

Figure 16 – Regional housing need by tenure (Government's Standard Method)



Source: MHCLG, Savills Research

2.3.3. Comparison of need for additional and replacement homes and current levels of activity

We have compared the relative scale of the need for replacement or upgraded homes with the need for additional homes. The annual need for additional affordable homes is taken from Savills' analysis in 2024, and we have applied a 15-year period for the backlog and new need. The proportion of social homes that require replacement each year – i.e. replacement or major upgrading – has been calculated from the total number that don't meet the Decent Homes Standard (430,000 in England) all being dealt with over that same 15-year period.

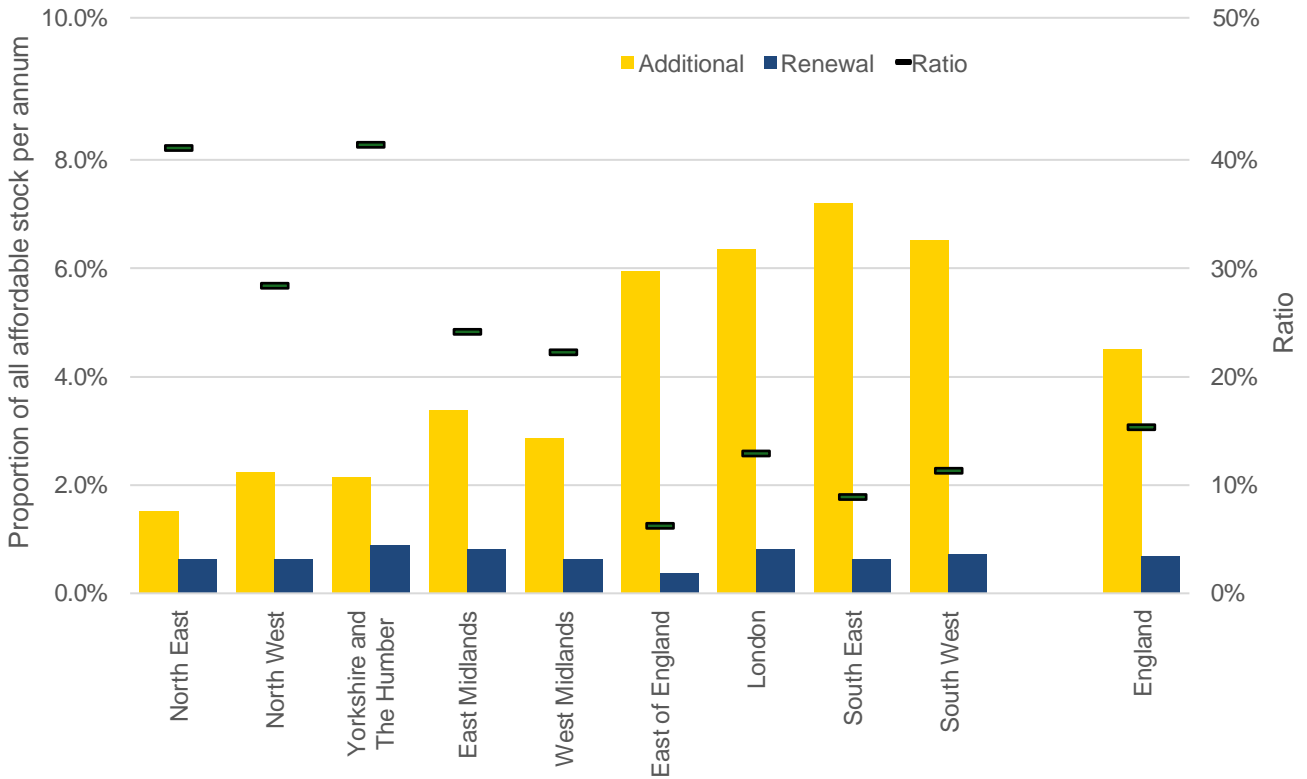
Figure 17 compares the two results, showing that across the three Northern regions the level of non-decent affordable homes is 35% of affordable housing need, whereas in the south it is 9%. This result highlights that funding for replacing or upgrading existing homes would need to be a larger share of housing investment in the North to be better aligned with local market requirements.

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Figure 17 – Comparing need for additional new affordable homes and replacement affordable homes



Source: Savills Research, English Housing Survey

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2.4. The potential contribution of redevelopment to the 1.5m homes target

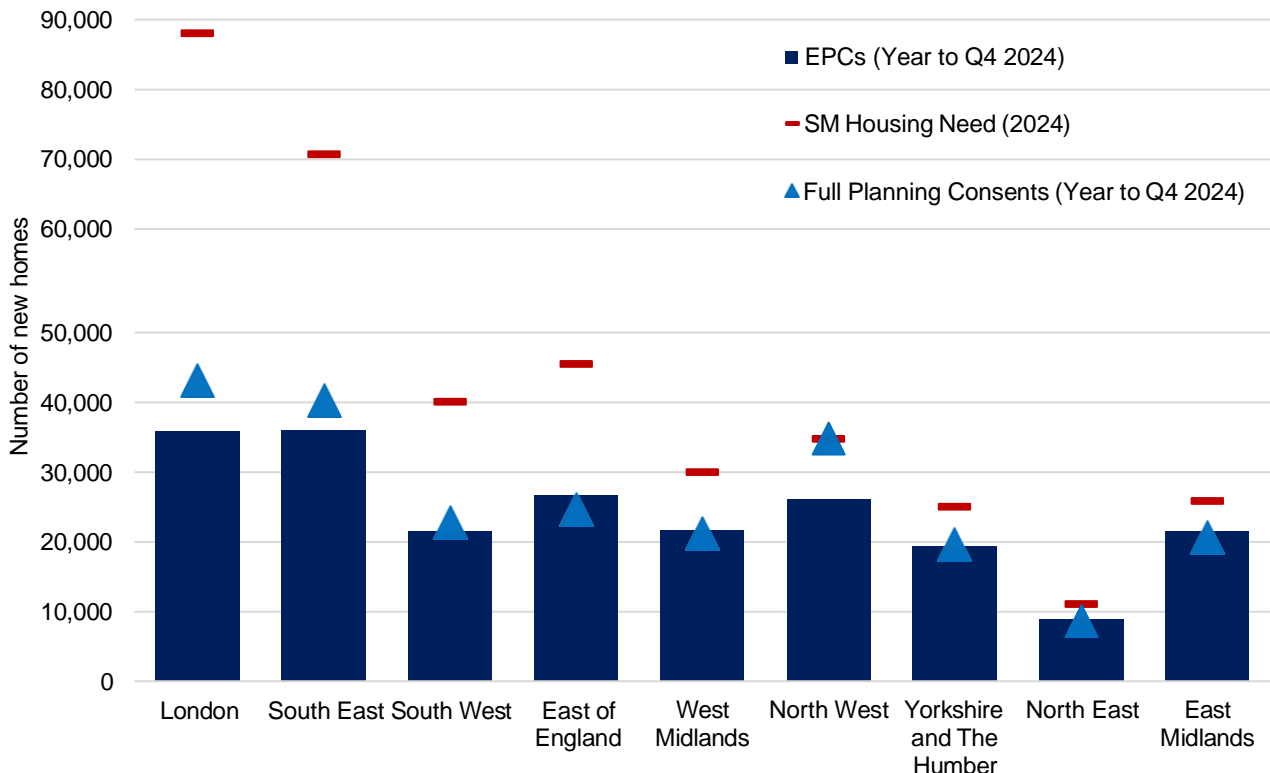
Delivering new homes is a high priority target for the new Government, with a clear target to provide 1.5m net additional homes over the course of the Parliament. Section 2.3 looked at how this breaks down regionally and how it compares to redevelopment needs and found that the requirements for redevelopment and refurbishment are a much greater share of housing requirements in the North.

This section starts by showing how far short of requirements housing delivery is across the country, including in the North and particularly for affordable housing, as context for the question: could greater investment in redevelopment help meet this target? Our analysis shows that it can, through intensification of development on existing housing association owned land. Replacement of existing homes can open up opportunities to provide a greater number of new homes on the same land, and this could provide an additional 330,000 homes alongside the redevelopment of 144,000 homes in the North.

2.4.1. Net additional housing delivery compared to need

Figure 18 shows recent (year to Q4 2024) figures for housing delivery, need (the Standard Method for housing need as published in December 2024), and planning consents. In all three Northern regions, as across the rest of the country, housing delivery is below the standard method housing need. A step change in delivery is therefore required to meet need. Focusing on planning consents, only the North West granted consent for substantially more homes than were delivered over 2024 compared to the North East and Yorkshire and the Humber.

Figure 18 – Comparing need for additional new homes and delivery



Source: Savills Research using MHCLG and EPC

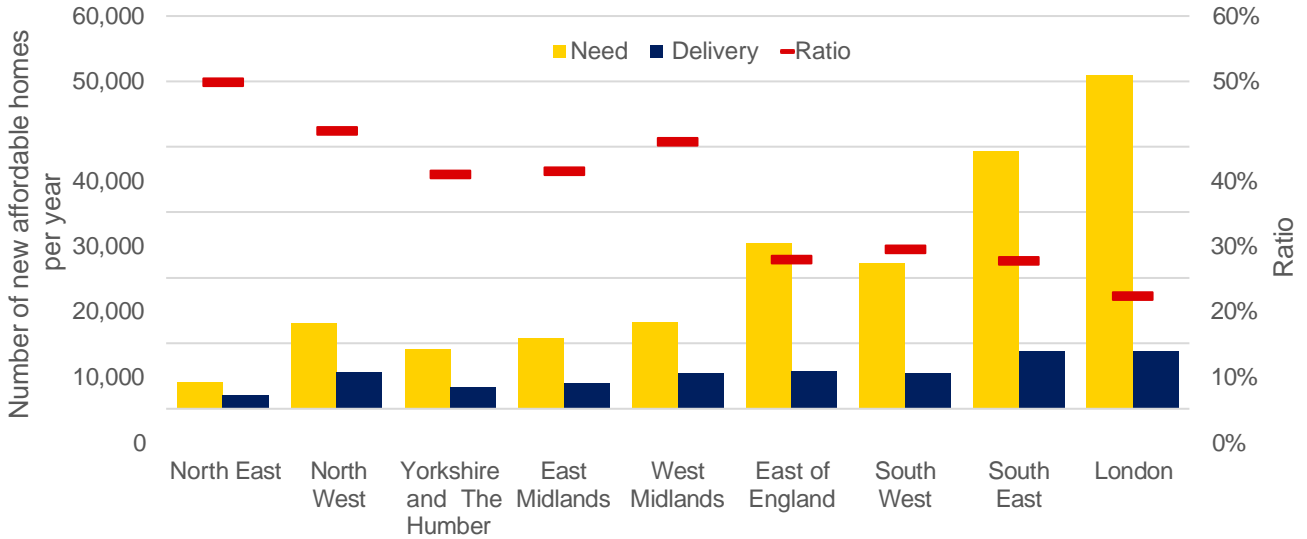
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Figure 19 shows the affordable need figures from earlier in this section compared to the 10-year average of affordable delivery. Northern regions have seen higher levels of affordable housing delivery relative to need – averaging 43% – over this period compared to the South (23%).

Figure 19 – Comparing need for additional new affordable homes and delivery



Source: Savills Research, MHCLG

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2.4.2. Potential for intensification of land use through regeneration

Redevelopment also provides housing associations with the opportunity to make more efficient use of land through increasing density of existing housing on schemes to levels in line with the surrounding urban area. This is particularly relevant on sites with houses and low-rise flats where intensification can boost the case for redevelopment compared to refurbishment. We have modelled the number of new homes that could potentially be delivered by increasing the density of homes on housing association owned land in the North of England. Our base case scenario estimates that c.330,000 additional homes could be delivered via this strategy, alongside re-providing the 144,000 existing homes. There is variation around this, depending on the types of sites redeveloped, and the maximum density they could be uplifted to.

In our base case scenario, we assumed that sites to be redeveloped can have a maximum proportion of 25% houses, and a minimum total site size of 5 homes. We assumed that the proposed site would need to at least double the number of homes to be viable, and would be uplifted to the upper quartile of housing density of homes in similarly sized urban areas.

We have a lower Intensity scenario, that takes a more cautious approach to the sites that may be suitable for development and estimated a total number of new homes to be c.120,000, alongside re-providing 49,000 existing homes. In this scenario, we assumed a site must have no more than 10% houses, had a minimum size of 20 homes, and would need to increase the number of homes by 2.5x to be viable. The density to uplift remains the same as in the baseline scenario.

We have also considered a higher intensity scenario, which estimates a total number of new homes of c.531,000, alongside re-providing 207,000 existing homes. In this scenario we assumed sites viable for development could have up to 35% houses and see an increase of just 1.5x homes. We also assumed the density of sites would be uplifted to the upper decile of densities across similar sized urban areas.

Table 10 – Potential number of additional homes that could be delivered by intensification

	Lower Intensity scenario		Baseline		Higher Intensity scenario	
Proportion of houses on site deemed to be suitable for development	<10%	Number of additional homes: 121,000	<25%	Number of additional homes: 329,000	<35%	Number of additional homes: 531,000
Increase in homes to make site viable	2.5x		2x		1.5x	
Size of site to be redeveloped	20 Homes		5 homes		5 homes	
Appropriate density benchmark to uplift to	Upper Quartile		Upper Quartile		Upper Decile	

Source: Savills Research

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2.4.3. Sensitivity testing around redevelopment potential

We have also considered the sensitivity of the modelling to individual key variables, shown in the tables below. The inputs that feed into our baseline scenario are shown in **bold**. For these tests, all other variables are held constant as in the baseline scenario. The first three sensitivity analyses centre around the types of site considered to be developed by our model. The final sensitivity analysis tests different densities to uplift sites to.

Table 11 – Sensitivity testing around the proportion of homes on sites deemed developable

Proportion of houses on site deemed to be suitable for development	Number of new homes
<10%	215,000
<25%	329,000
<30%	364,000
<35%	400,000

We have considered variation around the type of sites redeveloped as a part of the model. We have assumed that sites that are primarily flats are to be prioritised, and that housing association sites with primarily houses are less likely to be redeveloped.

Increasing the tolerance to the number of houses on a potential development site increases the total number of sites for development, and therefore the total number of new homes that could be delivered.

Source: Savills Research

Table 12 – Sensitivity testing around the increase of homes on a sites to be deemed developable

Increase in homes to be viable	Number of new homes
1.25x	364,000
1.5x	359,000
2x	329,000
2.5x	280,000

Redeveloping a site is only viable if it increases the number of homes on total on the site. In our baseline scenario we assume a redevelopment needs to at least double the number of homes to be viable.

Decreasing this threshold makes more sites potentially developable, while a higher threshold reduces the number of sites.

Source: Savills Research

Table 13 – Sensitivity testing around the size of site deemed developable

Size of site to be viable (number of current homes)	Number of new homes
5	329,000
10	298,000
20	244,000
30	196,000

Sites that are too small (which we have measured by number of homes) will be difficult to redevelop. We have set a minimum threshold of 5 homes, which feeds into our baseline scenario.

Increasing the threshold size of site deemed developable decreases the total number of sites, and therefore total number of new homes that could be delivered.

Source: Savills Research

Table 14 – Scenario testing around the density to uplift developed sites to

Appropriate density benchmark to uplift to	Number of new homes
Upper Quartile	329,000
Upper Decile	424,000

We have estimated a suitable density to uplift sites to by considering the density of homes across similarly sized urban areas.

In our baseline scenario we assumed density of HA land to be increased to the upper quartile of home density across similar sized towns or cities.

In our Higher Intensity scenario we assume that density could be increase to the upper decile of residential density.

Source: Savills Research

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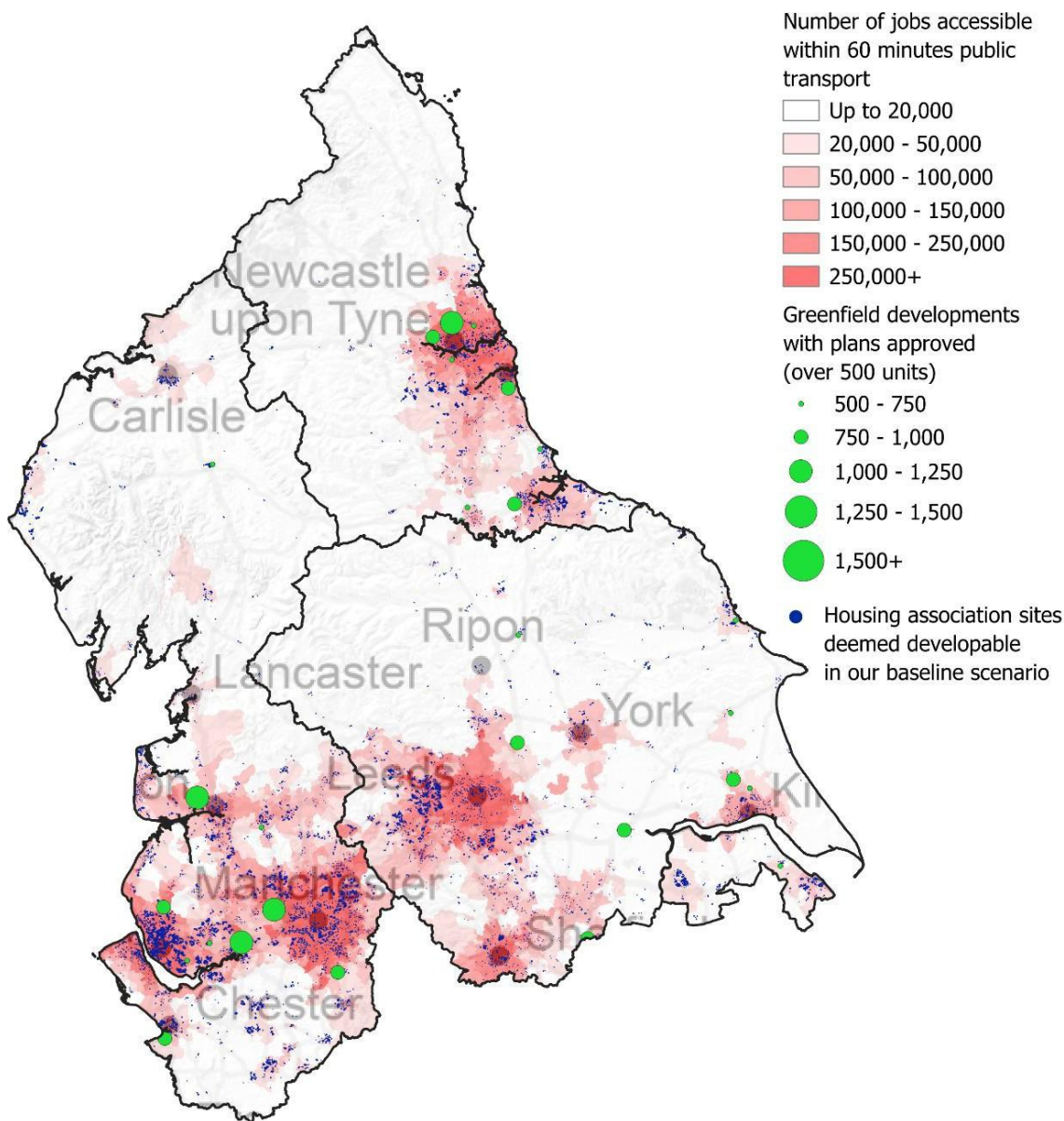


2.5. Connectivity benefits of regeneration versus greenfield development

Housing association owned land is often located within existing urban areas and has a high degree of transport connectivity compared to new greenfield development sites, which are typically on the edge of urban areas. This means residents of these greenfield sites typically have further to travel for work, there are fewer jobs within commuting distance and are significantly more dependent on cars for regular transport.¹⁸

Below, we show the number of jobs accessible across the North of England within 1 hour of public transport. We also show the location of large (500 home plus) greenfield housing developments with plans approved, as well as the location of housing association land that we consider potentially developable in our baseline scenario, discussed in Section 2.4.

Figure 20 – Job accessibility via public transport comparison



Source: Urban Big Data Centre, Glenigan, HMLR

¹⁸ "Trapped Behind The Wheel", New Economics Foundation, https://neweconomics.org/uploads/files/NEF_Trapped-Behind-The-Wheel-updated.pdf

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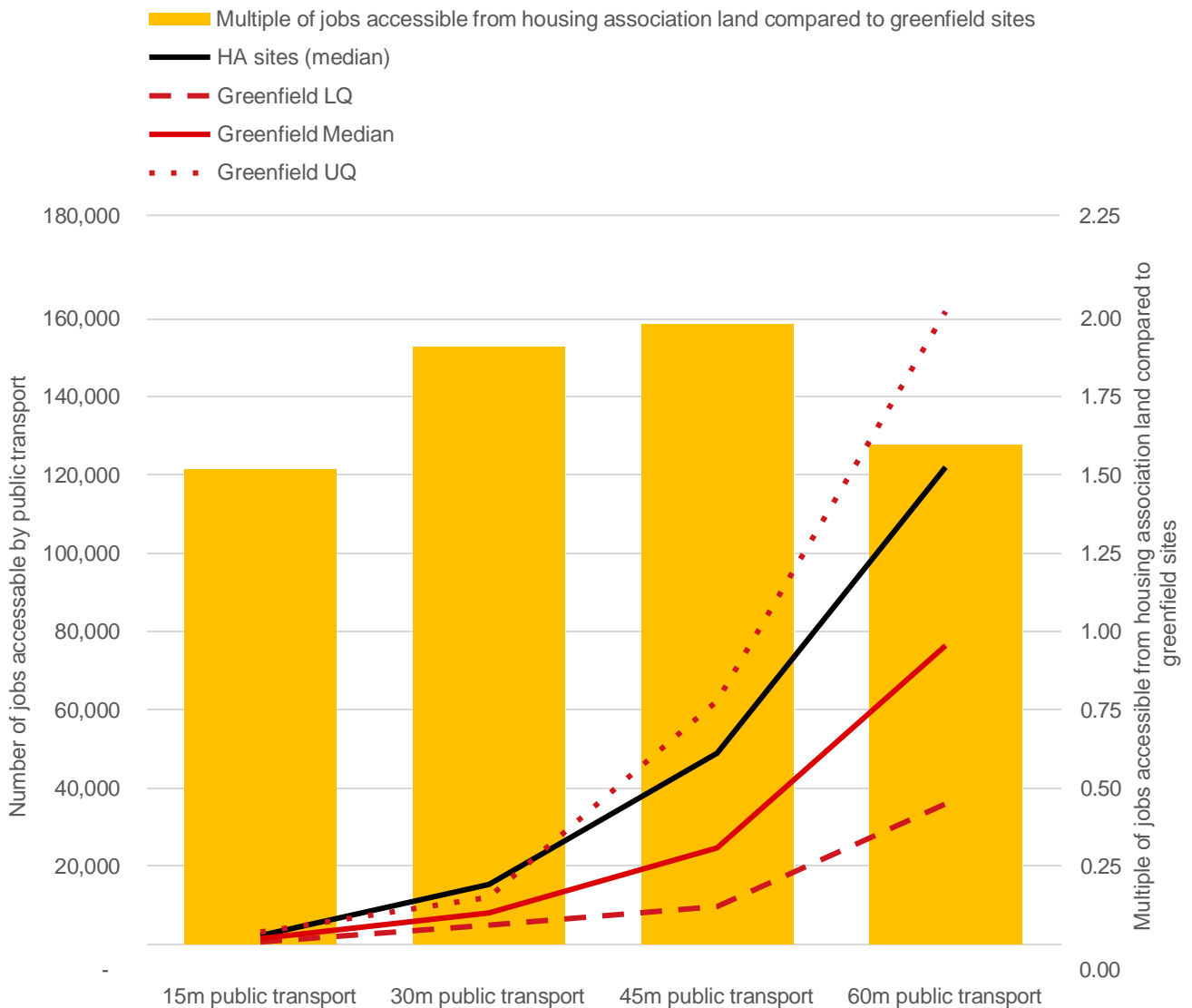
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On average, homes delivered on housing association land would have significantly greater access to employment via public transport than those delivered on greenfield sites (assuming no additional transport infrastructure). Typically, housing association land has access to 1.5x - 2.0x the number of jobs accessible to the greenfield sites analysis, which is fairly consistent across all time travel bands. Although this does vary on a site-by-site basis.

That said, this isn't universal and there will naturally always be some housing association sites which are less assessable for workers, and some greenfield sites that may be more accessible. We show a range (Lower Quartile, median, and Upper Quartile) to indicate the variation around the job accessibility for the greenfield sites.

Figure 21 – Job accessibility via public transport for greenfield and HA sites



Source: Savills using Urban Big Data Centre, Glenigan, HMLR

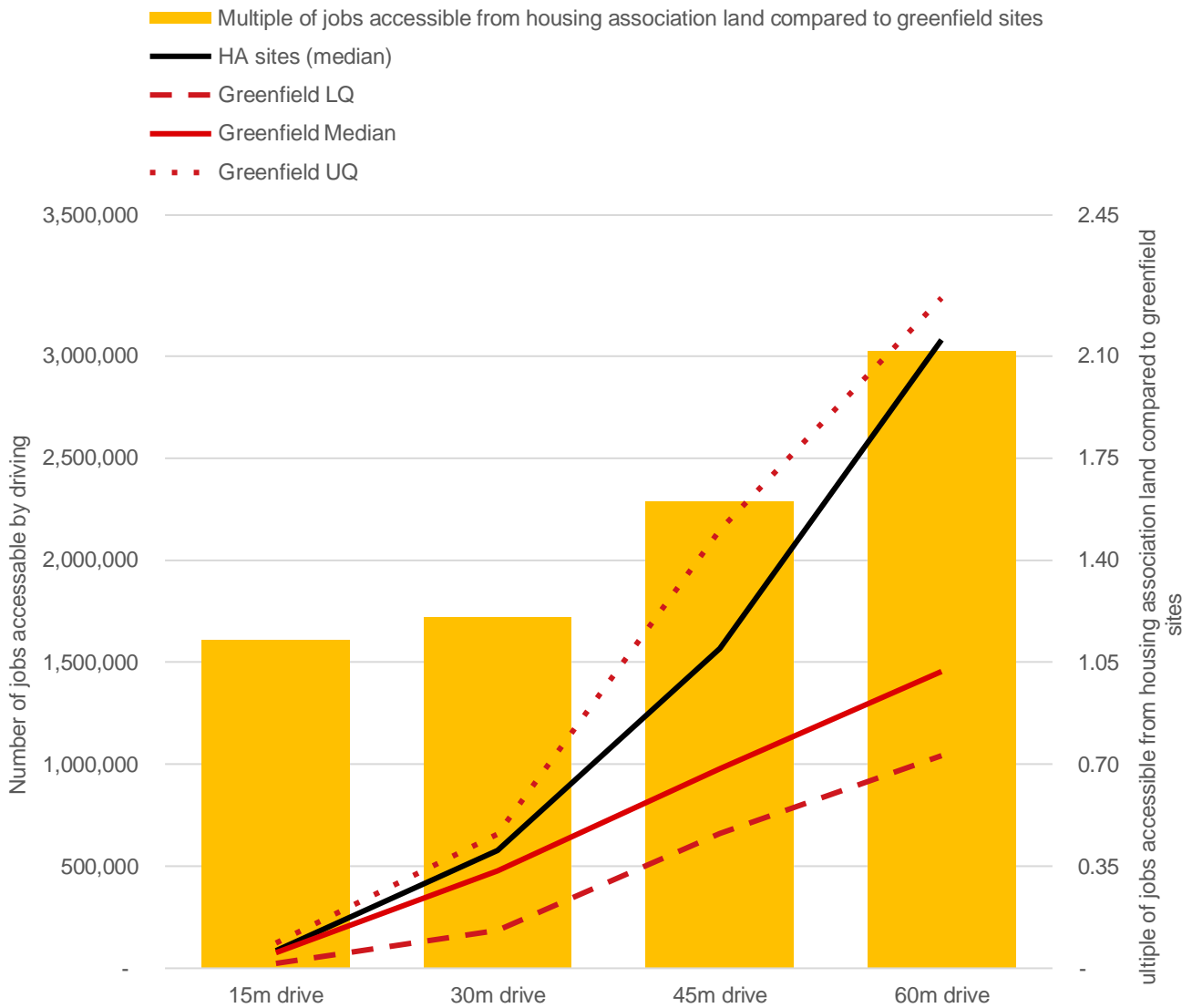
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When looking at car-based commuting, the difference between housing association and greenfield sites is a little less stark. The difference is particularly small in the lower travel bands (30-minute drive and below), with only marginally more jobs accessible from housing association sites. This difference increases with longer travel bands, with housing association sites typically having access to roughly double the number of jobs accessible within a 60-minute drive.

Figure 22 – Job accessibility via driving for greenfield and housing association sites



Source: Savills using Urban Big Data Centre, Glenigan, HMLR

3. Policy Levers and Funding Mechanisms

3.1. Current public funding for investment in housing

Current funding as underlined in the [previous report Savills undertook for Homes for the North in 2022](#) assessing the requirements for redevelopment and regeneration across the North, remains directed largely at the development of additional affordable homes rather than the consideration of replacement homes.

3.1.1. The Affordable Homes Programme

The Affordable Homes Programme (AHP) is one of the two main routes for delivering new affordable homes, the other being planning obligations via Section 106. Organisations taking part in the programme use a mix of grant funding, private borrowing, and their own reserves to fund new development. This form of financing the delivery of additional affordable homes was introduced via the Housing Act 1988, typically through a single, central programme where the rules on what can be built reflect the policy priorities of the time.

Within these programmes, there has often been a mix of bidding for funding for individual schemes and the ability to enter more of a partnership arrangement where overall performance targets are agreed and monitored, with more flexibility in how organisations deliver towards those.

The current system (2021-26 Affordable Homes Programme) includes both these bidding routes: the scheme-by-scheme process is known as Continuous Market Engagement (CME), whereas the more flexible route is known as Strategic Partnerships (SPs). SPs were introduced in 2018, allowing registered providers (or housing associations) – or consortia of multiple providers – to apply for funding packages covering their whole development programmes. In exchange for this flexibility (and an additional year of funding certainty) they had to demonstrate that it would enable them to increase their planned number of new starts by 25%. The latest Homes England programme includes 35 organisations across 31 partnerships, receiving £5.2bn of funding and has intentions to deliver around 90,000 homes.

The National Audit Office report in 2022 on the performance of Affordable Homes Programmes since 2015 expressed concerns that the focus on the number of homes delivered came at the expense of wider factors such as housing quality. They also noted that the expected outcomes were poorly defined and relied on existing regulations rather than applying more ambitious targets. Their analysis showed that 89% of the gross economic benefit arose from increasing land values. The report also indicated that the current programme will not deliver its intended benefits with completions expected to be 10% down on the original target of 180,000 homes.

In July 2024, MHCLG issued further guidance suggesting that expectations for the programme have been substantially reduced, and the 2021-26 Affordable Homes Programme is set to deliver 110,000 – 130,000 affordable homes, reflecting higher than expected increases in construction costs and other pressures on housing associations' financial position.

As part of the Autumn Budget in October 2024, a £500 million top up to the Affordable Homes Programme 2021-26 was announced, this was intended to deliver up to 5,000 additional affordable homes. On top of this, in February 2025, the Government announced a further £300 million boost to the Affordable Homes Programme 2021-26, with the funding set to deliver up to 2,800 additional homes, within which, half of these are to be for social rent.

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3.1.2. Funding for investment in existing homes

The Affordable Homes Programmes are primarily aimed at funding additional homes only. Providers are expected to use their own finances to deliver any upgrades or refurbishment. However, housing providers can access some sources of public funds for dealing with specific issues, such as the £3.8bn Social Housing Decarbonisation Fund (renamed the Warm Homes Social Housing Fund) or the £5.1bn Building Safety Fund.

In 2023, the funding parameters of the Affordable Homes Programme 2021-26 were amended to respond to the challenges in the economy and housing market, allowing grant funding to fund replacement homes where they are being delivered alongside net additional affordable housing, aligning with the Government’s focus on wider estate regeneration. However, regeneration projects that do not provide an increase in the current number of homes are not eligible for this grant funding. Under these new parameters, MHCLG specified that all schemes must start on site by 31st March 2025 and will need to complete within the Affordable Homes Programme’s current timeframes (completion by 31st March 2026).

3.1.3. Other funding programmes

Outside the AHP and any contribution to delivery from Section 106, there are various other public funds relating to investment in housing and the wider built environment. These are typically designed as responses to specific policy priorities of the time, e.g., for housing-related infrastructure or for on-site costs like site remediation, transport, land assembly and placemaking. These have generally been aligned with Homes England’s role over recent years as a ‘housing accelerator’. The table below summarises some of larger current and recent programmes and the types of projects that are eligible.

These funds are generally accessed by the local authority, but in some cases housing providers can submit applications or work as delivery partner with the local authority. In most cases housing can be included due to the important role housing has in placemaking, and social and economic outcomes for communities. However, when developing a business case for such investment it is schemes which deliver net additional homes that will show the greatest benefit and highest Benefit Cost Ratio (BCR). This is due to the Green Book and MHCLG preference for monetising benefits using Land Value Uplift (LVU) as the key metric, considering the impact of the investment on improving the productive value of the land. This is explored further in the next chapter.

Table 15 – Summary of current and recent funding programmes relating to the built environment

Programme	Date launched	Total £	Aims / assessment criteria	Who can apply / example projects
Town Deals	July 2019	£2.35 bn	This aims to drive the economic regeneration of towns to deliver long-term economic and productivity growth through: urban regeneration, planning and land use; skills and enterprise infrastructure; and connectivity.	Funding for 101 towns invited by MHCLG. Investment types are flexible, funding can be spent on a range of different interventions.
Future High Streets Fund	March 2019	£830m	This aims to regenerate town centres and high streets. Shortlisting is based on: defining the place, setting out the challenges, and strategic ambition. Then applications are assessed via a full business case.	Bids should only be from areas ‘facing significant challenges’ but can include physical infrastructure and land assembly.

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UK Shared Prosperity Fund	April 2022	£2.6bn	All areas of the UK receive an allocation from the fund via a funding formula instead of a competition to invest in three local priorities: communities and place, support for local businesses and people and skills. Each place is to set out measurable outcomes that reflect local needs which should then inform the interventions they wish to deliver.	Fund to be planned and delivered by councils and mayoral authorities across England and lead local authorities across Scotland and Wales.
Levelling Up Fund	March 2021	£4.8bn	Aims to support town centre and high street regeneration, local transport projects, and cultural and heritage assets. Bids are assessed on characteristics of place, strategic fit, economic case, Deliverability.	Unitary authorities, county councils with transport powers, combined authorities, mayoral combined authorities are all eligible.
Brownfield Land Release Fund	February 2018	£180m	Aims to support the Government's Levelling Up ambition by regenerating local places, reducing geographical inequalities, and empowering local leaders to build pride in place. Project prioritisation criteria: place-based metrics, strategic case, innovation	Land is eligible if previously developed and in council ownership only. The fund allows Councils to determine the type, tenure, and delivery mechanism for new homes, drawing on their understanding of local needs.
Housing Infrastructure Fund	July 2017	£4.2bn	Aims to provide the final or missing piece of infrastructure funding to get additional sites allocated or existing sites unblocked quickly. Assessed on value for money, deliverability and strategic approach to housing delivery.	'Marginal Viability Funding' available to all single and lower tier local authorities in England. 'Forward Funding' available to the uppermost tier of local authorities in England – for a small number of strategic and high-impact infrastructure projects.
Local Nutrient Mitigation Fund	March 2023	£110 million	This aims to enable and accelerate the delivery of projects by providing nutrient mitigation to support sustainable development and unlock stalled housing development in affected nutrient neutrality catchment areas. The Government provides direct grant funding to local planning authorities. The fund is recycled locally until nutrient mitigation measures are no longer needed.	Direct grant funding to the lead local planning authority for each catchment to fund mitigation measures. Local authorities to bring forward proposals in affected nutrient neutrality catchments.

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Local Authority Housing Fund	December 2022	£1.2bn	<p>Capital fund to support local authorities in obtaining better quality temporary accommodation for homeless families and provide housing for refugees in the UK. Funding aims to reduce the impact of recent arrivals on existing housing pressures and, longer term, to provide a new and permanent supply of accommodation for local communities. Uplift grant rate of 10% provided for councils able to deliver new homes with the funding.</p> <p>In February 2025, the fund was awarded an additional £50 million by the Government to provide 250 council homes for those in need of higher quality temporary accommodation.</p>	Grant funding allocated to local authorities.
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3.1.4. Lessons from the Local Authority Housing Fund

We interviewed a range of housing providers and local authorities to understand their experiences with the Local Authority Housing Fund, how it differs from other sources of Government funding, the type of properties the fund has been used for, views on current grant rates offered through the fund. Our discussions for this report found that overall, the fund has been successful in achieving its core aim of supporting local authorities to obtain temporary accommodation at accelerated timescales.

The Local Authority Housing fund allows councils to acquire homes from the private sector (existing or new build) to use as temporary accommodation. The fund has a particular focus on larger family homes. Grant rates through the fund are intended to cover 50% of the total unit cost and an additional c.£20,000 per home is available for any necessary improvement works. Providers agreed that the fund was a successful means of quickly bringing in larger family homes into the sector, as typically, Homes England grant funding isn't sufficient to build larger family general needs homes in many markets.

The Local Authority Housing fund is administered by MHCLG instead of Homes England and overall feedback from providers and councils is that it is a much simpler and quicker process to deal with direct funding from central government rather than bidding for funding and negotiating with Homes England, often a lengthy process. The fund is allocated to local authorities for a specified number of properties, without a competitive bidding process which is cited as another key benefit of the fund. However, providers suggested that the more funds can be administered through devolved authorities the better as it allows funding to be locally managed and more flexible to address local housing needs and challenges.

Despite offering higher grant rates compared to the Affordable Homes Programme, the grant rates offered through the Local Authority Housing Fund have been criticised as failing to acknowledge the significant variation in house prices across local markets. This has made it increasingly challenging for some providers and councils to find properties of a suitable condition, that can be bought with the available grant funding, particularly in higher value markets. As a result, some providers are purchasing properties that aren't necessarily fit for purpose for a heavily regulated sector and are then having to undertake considerable improvement works. There can also be significant abortive work associated with sourcing suitable properties. One provider discussed their experience of purchasing eight properties through the fund, having looked at a total of 100 properties including abortive fees on surveys and conveyancing.

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With properties sourced through the fund often requiring improvement works, another key barrier highlighted was the lack of appetite from contractors to take on small refurbishment contracts. There are very few contractors willing to do this piecemeal work, impacting overall prices charged for these improvement works.

Alongside obtaining existing homes from the private sector, the Local Authority Housing fund can also be used for delivering new homes (with a 10% uplift in grant), however, the providers and councils we interviewed indicated that they haven't used the funding to develop new homes due to timescales. Current timescales within the fund don't allow providers sufficient time to acquire land, procure contractors and deliver new homes. Councils also often lack the capacity and skills to manage this process compared to an established volume developer. One council we interviewed had deployed the Local Authority Housing Fund to acquire new properties off-plan from developers in lower value markets rather than purchasing older properties requiring improvement works in higher value markets. The council viewed this as a successful means of using the funding that positively impacted the private sector by speeding up sales rates on schemes, meaning that more new homes can be built quicker instead, rather than it displacing private housebuilding activity.

In summary, the Local Authority Housing Fund has been praised on how well it functions as a direct fund within which local authorities are allocated a set pot of money for a specified number of homes, avoiding a lengthy and costly competitive bidding process. However, the fund has also been described as more of a short term 'sticking plaster' rather than a long-term strategic solution, that works for one off purchases but does not add to overall housing supply and does not address localised housing needs. Suggested improvements include a longer programme that builds in sufficient time for the provision of new additional homes and greater flexibility, including administration of funding at a devolved authority level.

3.1.5. The effect of the MHCLG Appraisal Guide

The Government's guidance on project appraisal, including the DLUHC/MHCLG Appraisal Guide, relies on a land value uplift (LVU) approach. This is based on the theory that costs and benefits feed through to and are largely captured by land values. It is questionable whether all such costs and benefits translate into land values. The practice of carrying out such LVU appraisals is also fraught with ambiguities and unknowns. Consequently, the appraisals are often theoretical exercises based on assumptions that are impossible to fully test.

We recommend that appraisal guidance is simplified, and that more emphasis is placed on an easier to measure set of metrics, such as cost to the public sector per home or job created.

While care is needed to consider whether interventions are displacing activity from elsewhere this can also be covered in a clearer way, for example by emphasising analysis on whether relevant markets are supply constrained (indicating low displacement) or demand constrained (suggesting higher displacement). Such changes can help clarify the case for new build vs refurbishment, as well as being useful more widely in the regeneration and development field.

3.2. Funding challenges for redevelopment that are specific to the North

Other than the Affordable Homes Programme, most housing-related investment is appraised via the five- case model, a standard approach across central Government departments. There is greater detail on this within our previous report, but the consequences are worth revisiting here.

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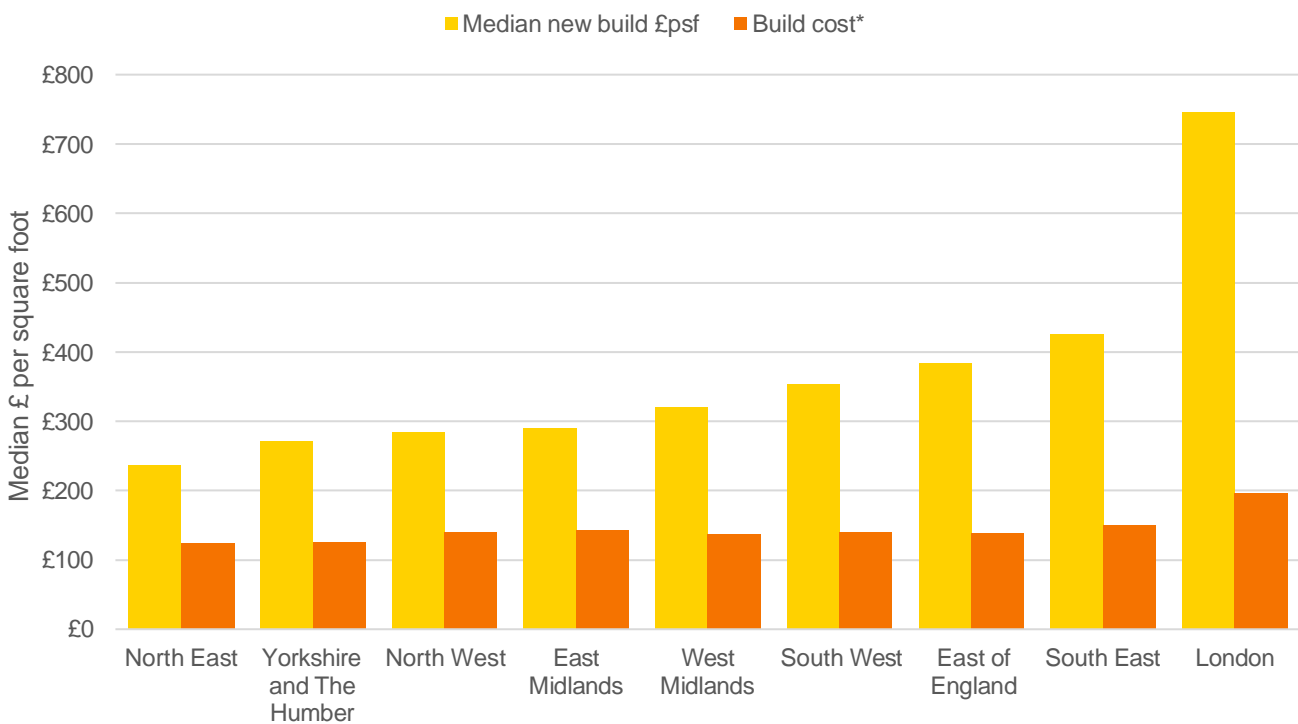
The five-case model is strongly influenced by benefit-cost ratio calculations within the ‘economic case’, often the key differentiator. Land value uplift is often the largest component of the benefits part of these calculations, and the largest gains in land value are most easily achieved by delivering housing on previously undeveloped land with low existing use values. This is exaggerated in areas with high house prices. Therefore, in practice, the other funds also tend to prioritise interventions that deliver additional new homes.

The outcome of the funding being structured in the way that it currently is means that both the AHP and other large housing investment funding streams are aimed at delivering or unlocking additional homes rather than improving or replacing existing ones. There are some public funding options for the latter – for example the Social Housing Decarbonisation Fund (now the Warmer Homes Social Housing Fund) will provide a total of £3.8bn of funding over 10 years – but they are very limited compared to the scale of the challenge. Housing associations (and other housing providers) are therefore currently expected to fund much of the required work themselves.

The ability of a housing association to generate a surplus – which could be used to fund redevelopment or upgrades of existing stock – depends on many factors, but developing new homes for market sale is one such route. The analysis in section 2.3 highlights the variation in housing need by region, which is likely to limit the scale of the opportunity for northern housing associations to expand market sale activities as the requirement for additional homes is less in the North.

In addition, the scope for actually generating a surplus per plot is more limited in the North compared to in the South based on typical market pricing and build costs. Analysis in Figure 23 shows a highly simplified comparison of build costs and sales values per sq. ft. by region. It shows that build costs are relatively similar across all regions outside London, whereas market sale values of new homes vary significantly. Build costs are around 50% of sales values in the North, compared to c.35% in the South. Assuming zero land cost (as we can assume the organisation already owns the site for a regeneration project) there is therefore a smaller potential surplus for funding the upgrades or redevelopment in the North.

Figure 23 – Build costs vs. market sales values by region



Source: BCIS (*Flats in London; Estate Housing elsewhere), HM Land Registry, EPC OpenData

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Therefore, the ability to cross-subsidise upgrades and redevelopment from market sale activity is very limited in most regions outside London, and even more so in many areas of the North where there is little opportunity to generate a surplus due to lower potential values. In London, the higher values and the greater ability to densify sites mean large regeneration projects, while still extremely challenging, are more likely to be viable without public funding.

[Our previous report](#) included findings from discussions with senior executive-level staff across Homes for the North member organisations, typically those with responsibility for development and asset management. These found that the policy environment and available funding incentivise one main approach to meeting current local housing needs: greenfield development of new homes. The failure to include regeneration among the available options leads to missed opportunities that would all align with existing Government policy priorities such as increased brownfield development and densification, decarbonisation, and more sustainably located new homes.

In terms of their preferred approach, responses indicated that demolition and replacement at the estate-level is perhaps the 'sweet spot' in terms of scale of project. Individual homes or small clusters would be too inefficient to deal with, whereas working beyond estate level, including whole neighbourhoods, is unrealistic without a substantive policy focus, and the involvement of local authorities and Homes England.

Our discussions for this report concerning the recent limited relaxation of the net additionality rule in the AHP in 2023 found that overall, there was an overwhelmingly positive reaction, with the welcome changes responding to what the sector was calling for, but the associated timeframes and the grant funding available were fundamental challenges.

The timeframes as set out by the Government as part of the relaxation of the net additionality rule in June 2023, specified that schemes are required to start on site by March 2025. For many providers these timelines have proved significantly challenging. As a result, this meant that this funding was only suitable for oven ready schemes or schemes in an advanced position.

The available grant funding is another barrier with the funding not sufficient for large scale regeneration and only favourable to a selection of providers with suitable schemes. A further challenge is that for providers who are existing strategic partners, this funding wasn't additional grant, it was to come from the existing strategic partnership allocation. Consequently, strategic partners already at capacity with their programme, haven't had any spare grant funding for regeneration.

The broad feedback from the sector is that in order for the relaxation of the net additionality rule to be more successful, longer-term certainty is required and greater flexibility for grant funding for regeneration is needed to run in parallel to the Affordable Homes Programme in order for providers to prepare for regeneration capacity alongside net additional affordable homes, factoring both into grant bids.

4. Layers of Government

Making housing regeneration a policy priority is a political decision that requires backing from HM Treasury and the Secretary of State for the Ministry of Housing, Communities and Local Government as the key decision makers, but it also requires coordination between different layers of Government, between local authorities, devolved authorities, Homes England and central Government.

4.1. The role of HM Treasury

HM Treasury has a central role in providing funding for investment in housing and regeneration with ultimate control over departmental budgets and expenditure. MHCLG secures funding for affordable housing from the Treasury which it then distributes to Homes England and the GLA through the Affordable Homes Programme. The Treasury also scrutinises and approves expenditure, ensuring that all funding projects and programmes demonstrate value for money and align with the Government's priorities.

Policy priorities around housing are influenced by the Treasury's assessment of the value of housing investment. The Treasury has typically been reluctant to invest in housing, with money spent on building new homes currently viewed by the Treasury as borrowing or grant, that adds to national debt. If affordable housing was classified as national infrastructure, this would provide long term certainty over funding, attract higher levels of investment and would help drive economic growth, as highlighted by the G15 in their February 2025 response to the Government's spending review.¹⁹ Government spend on housing is now at its highest level, according to the 2024 CIH UK Housing Review, with £30.5 billion spent in 2021-22 compared to the previous peak of £22.3 billion in 1975-76. What's more significant is that in 1975-76, 95% was directed towards building or improving homes whereas in 2021-22, 88% is now directed towards housing benefit. This suggests that the Treasury could generate long term savings through reducing welfare spend if more funding was directed towards increasing supply and improving existing homes.

As highlighted in our previous report, in making the case for regeneration, winning over the Treasury as key decision-makers, is more about making the strategic case for regeneration as a policy priority, rather than a detailed one about rules and evaluation at programme level. This requires the importance of housing replacement to be much more prominent in the debate around how to 'solve the housing crisis', including how to reduce the welfare bill.

In the case of housing replacement, there is a clear market failure making a strong case for change and a strong business case can be made. The Treasury already has a framework within which to assess the wider economic benefits of regeneration and replacement when evaluating bids in line with the Green Book, where the proposed projects are eligible for the available funding. However, there is a reticence at the political decision-making level to give such benefits equal standing with more tangible ones. This then becomes a cultural issue where policy interventions focus on designing programmes that deliver outcomes that are easier to quantify, and funds are constructed around delivering a narrow set of outcomes.

4.2. The role of Homes England and MHCLG

Currently, the Government's Affordable Homes Programme is administered by Homes England (alongside the Greater London Authority). Under the Affordable Homes Programme, Homes England manages and allocates grant funding to registered providers and local authorities, with competitive bidding either through Continuous Market Engagement and the longer-term Strategic Partnerships programme. Grant funding does ultimately come from central Government with the total budget for the Affordable Homes Programme set by MHCLG.

¹⁹ <https://q15.london/news/q15-calls-for-treasury-to-invest-in-affordable-housing-as-critical-national-infrastructure>

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The role of Homes England has been evolving over recent years, with the reintroduction of a focus on regeneration alongside simply supporting housing delivery. This change will continue, with the recent departure of both the Chairman and Chief Executive. The vision for 2023-28 in the Homes England Strategic Plan talks of going beyond housing to support the levelling-up agenda; what form this takes under the new Government is not yet clear. The first objective in that strategic plan is reproduced below, with a clear focus on reusing brownfield land and mixed-use regeneration. Redevelopment of housing land could be a significant part of this.

Figure 24 – The first objective within the Homes England Strategy Plan, 2023-28

We will support the creation of **vibrant and successful places** that people can be proud of, working with local leaders and other partners to deliver housing-led, mixed-use regeneration with a brownfield first approach.

Outcomes What we are aiming to deliver	KPIs How we will measure our achievements
<ul style="list-style-type: none"> ■ more land reused and made available for regeneration ■ key enabling infrastructure in place to unlock development ■ local places effectively supported to deliver on their regeneration ambitions ■ mixed-use places that create value and benefit local communities 	<ol style="list-style-type: none"> 1. brownfield land reclaimed 2. employment floorspace created 3. number of jobs created 4. a) total number of local authorities receiving in-depth capacity support from Homes England b) of which share who report improved capacity to deliver their place-based ambitions as a result 5. social value per pound of investment

Source: Homes England

As yet, however, there is no significant shift in the funding available or how it is allocated to support this objective. A key recommendation of the Homes England Public Bodies Review, published in March 2024, is that DLUHC (now MHCLG) should, by the next spending review, “decide on the balance of HE funding, between regeneration and placemaking in Priority Places and other funding programmes.” This necessary decision may become clear following the spending review currently underway.

Conclusions 14 and 15 in the Public Bodies Review find that funding for regeneration needs to recognise the long-term nature of projects and should be facilitated through 5-year rolling funding commitments from HM Treasury. It also says that funding should be flexible, have fewer, larger funds over longer periods, and be able to “support regeneration objectives, for example replacement

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homes”, and that this should be separate from national housing programmes. This aligns with the findings of our previous report, which argued that, for the housing sector, the most appealing programmes to work with are those with more flexible finance over longer time periods. This conflicts, however, with the political imperative to see definite results within the timescale of the political cycle.

These changes require a strong political desire to support regeneration and replacement of homes, with Cabinet level support.

4.3. The role of local authorities

Although local authorities do have some direct funds that they are responsible for allocating such as the Local Authority Housing Fund, Homes England primarily controls funding for affordable housing through the Affordable Homes Programme. The role of local authorities is more focused around planning than administering grant funding. As specified by the National Planning Policy Framework, local authorities are required to create a Local Plan which involves calculating and then providing a framework for addressing housing need within the local area, including affordable housing. This Local Plan then becomes a guide for future planning decisions in the local market. Within the Local Plan, local authorities will set specific targets to ensure certain proportions of affordable housing are provided on new housing developments and they will also specify the different tenures of affordable housing that need to be provided via Section 106 planning obligations.

The Local Plan process is primarily focused on delivering net additional homes to meet local housing need but there is a clear need for local authorities to consider need across different tenures, alongside considering the role for housing regeneration in addressing this local need. With housing need so diverse across local markets, a more localised approach towards housing policy recognising this variation, whether that’s at a local authority level or at a more strategic level through combined authorities, could generate better value for money and better outcomes in local markets.

4.4. The role of devolution

In line with its devolution agenda, the Government has set out proposals to gradually move towards full devolution of funding and delivery of affordable housing. When interviewing housing providers and local authorities about sources of funding, we also asked about the role of devolution in future housing and regeneration policy and funding. Overall feedback from the interviews highlighted that there is a central role for devolved housing policy, allowing areas greater flexibilities to select their own funding priorities and administer targeted approaches to address local housing needs.

Over the last 10 years, devolution has been largely focused on the Government negotiating bespoke deals with combined authorities. Recent examples include the Trailblazer Devolution Deals, for the Greater Manchester Combined Authority (GMCA) and West Midlands Combined Authority (WMCA), announced in the Spring Budget in 2023, which allowed the two devolved authorities control of funding through a single funding settlement. The deals expanded responsibilities for GMCA and WMCA across housing and regeneration, including more flexible funding for affordable housing, brownfield development and funding to support retrofitting works. Following the 2023 ‘Trailblazer Deals’, a similar deal was agreed with the North East Mayoral Combined Authority (NEMCA) in March 2024.

In December 2024, the Government published the English Devolution White Paper, setting out its ambitions to expand devolution to Strategic Authorities across the country. Alongside the White Paper, the Government has also committed to introduce an ‘English Devolution Bill’ to set the devolution framework into law.

The key proposals from the White Paper include:

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- The Government will extend devolution to incorporate all of England, and this will be embedded in the national constitution;
- Combined Authorities will be replaced by Strategic Authorities, led by Mayors with distinct statutory functions, frameworks and responsibilities, set out in law;
- All Strategic Authorities will be required to develop a Spatial Development Strategy which will distribute housing targets across the local area and will enable strategic planning and decision making. across housing, transport, economic growth, etc;
- Mayors will have additional powers across a range of areas including housing delivery and strategic planning, economic development and regeneration;
- Mayors will have greater control over funding and will receive a consolidated, integrated settlement that can be allocated flexibly between policy areas, to fund local priorities but the Treasury remains cautious about offering full fiscal devolution.

The White Paper sets out the Government's ambitions to provide local government with greater flexibility over how it spends money and sets policy. Mayors will have greater control of grant funding to deliver housing and regeneration and will also control retrofit funding as part of the Government's Warm Homes plan. The proposals set out in the White Paper will make it easier for mayors to respond to local priorities.

Although the Government has set out ambitious proposals within the English Devolution White Paper, the key question is how quickly can these changes be implemented. The Government has committed to the English Devolution Bill within the first session of parliament. In February 2025, the Government launched consultations in six areas on proposals to establish mayoral combined county authorities. The Devolution Priority Programme will support the six areas progress with devolution at pace with the aim of becoming mayor-led strategic authorities by May next year if they proceed with mayoral elections in May 2026. This indicates that there is momentum with the Government working towards devolution at pace.

Another key question remains over the balance of power between devolved authorities and Homes England: will devolved administrations control meaningful amounts of money enabling them to direct the type and location of investment in their areas? More details are expected as part of the Government Spending Review. Strategic plans within combined authorities provide an opportunity for combined authorities to consider the role of regeneration in delivering homes that are fit for purpose. Funding should be directed to release land that fulfils the need from local housing challenges within devolved authorities.

5. Recommendations

Redevelopment needs to be accepted as a legitimate option to ensure homes are of an appropriate type and standard for future requirements. Residential buildings will not last forever. Redevelopment of existing homes across a range of housing types from high-rise flats to houses, delivers significant regeneration benefits and improvements to local communities. By acting decisively and thinking long-term, policymakers could use regeneration as a tool to transform the North into thriving economic hubs that contribute to growth and improved housing standards.

Redevelopment of existing housing should be a key part of Local Plans

Local Planning Authorities should recognise the potential role of regeneration in providing the land necessary to meet the Government's new housebuilding targets. With current housing delivery far short of housing need requirements across the country including in the North, greater investment in redevelopment would contribute to meeting this target. Redevelopment and regeneration of social housing provides the opportunity to make best use of land, often allowing for densification of housing on the site. This work shows that existing low density housing land is better served by existing infrastructure and transport networks and located closer to employment hubs than new greenfield development sites, so therefore has the potential to have a greater impact on productivity.

Grant funding should be made available to support redevelopment

Unlocking redevelopment would be a major driver of development activity in the North of England. More so than in the South, improving the quality of housing has a major role of play in meeting housing needs, improving the health and wellbeing of residents, and supporting economic growth in the North. Directing more grant funding towards redevelopment to address local housing needs in the North, in addition to delivering new homes, would also generate better value for money from available grant funding. Redevelopment activity would have a combination of drivers for housing associations that could increase the likelihood of delivery, including the ongoing cost savings it would generate within business plans.

Grant funding for redevelopment should be run in parallel to the Affordable Homes Programme

Funding for redevelopment should be run in parallel to the Affordable Homes Programme and both should be run over a longer time period with 10-year funding cycles advocated across the sector. The nature of redevelopment and regeneration is complex and long term, and funding structures will need to reflect this, allowing for the different challenges of diverse sites in a range of locations. Funding for redevelopment could also be allocated to providers and councils with specified criteria rather than through a competitive bidding process.

Redevelopment and regeneration should be central to greater devolution of housing policy and funding

The Government has published the English Devolution White Paper, proposing to extend devolution to Strategic Authorities across the country and allocate affordable housing funding to devolved authorities, indicating a significant shift in the direction of travel. Regeneration must be central to housing policy within devolved authorities, providing local leaders with the autonomy and resources to revitalise communities and align regeneration with local priorities. Strategic plans within combined authorities should consider the role of regeneration in delivering homes that are fit for purpose. Funding should be directed to support the development of land that fulfils the need from local housing challenges within devolved authorities.

The Government's project appraisal guide should be simplified

The Government's guidance on project appraisal, including the DLUHC/MHCLG Appraisal Guide, relies on a land value uplift (LVU) approach, where costs and benefits feed through to and are largely captured by land values. It is questionable whether all such costs and benefits translate in to land values. The practice of carrying out such LVU appraisals is also fraught with ambiguities and unknowns. Consequently, the appraisals are often theoretical exercises based on assumptions that are impossible to fully

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test. We recommend that appraisal guidance is simplified, and that more emphasis is placed on an easier to measure set of metrics, such as cost to the public sector per home, or job created.

More data is needed on housing quality

There is a lack of comprehensive data on housing quality across the country. The data available is much better in the social housing sector than for privately owned housing, particularly within some organisations, but that information is not collected and visible to policymakers. Better and more detailed data on housing quality would enable a more informed debate on the key issues with existing homes and allow an understanding of how much housing isn't fit for purpose and how this will change over the long-term. This would also help identify the policy priorities in terms of the locations and the types of housing most in need of attention.



Important Note

Finally, in accordance with our normal practice, we would state that this report is for general informative purposes only and does not constitute a formal valuation, appraisal or recommendation. It is only for the use of the persons to whom it is addressed, and no responsibility can be accepted to any third party for the whole or any part of its contents. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent, which will not be unreasonably withheld.

Our findings are based on the assumptions given. As is customary with market studies, our findings should be regarded as valid for a limited period of time and should be subject to examination at regular intervals.

Whilst every effort has been made to ensure that the data contained in it is correct, no responsibility can be taken for omissions or erroneous data provided by a third party or due to information being unavailable or inaccessible during the research period. The estimates and conclusions contained in this report have been conscientiously prepared in the light of our experience in the property market and information that we were able to collect, but their accuracy is in no way guaranteed.